

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Monday January 30 1984

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No. 29,233

NEWS SUMMARY

GENERAL

Basques 'behind killing of general'

Spanish police believe that under-ground Basque separatist group Eta was responsible for killing Lt-General Guillermo Quintana, 67, former commander of the Madrid region.

The general was shot by two gunmen near his Madrid home when he was returning from Mass. His wife was wounded in a leg and a former colonel was grazed by two shots.

The killing is seen as a retaliation for moves against Eta members who took refuge in the French Basque country. Page 2

France accused

Chad rebels accused France of declaring open war by advancing north, and threatened Libyan military intervention in retaliation.

Paris bomb

A bomb caused heavy damage at the Paris headquarters of armoured vehicle makers Panhard et Levasor, a Peugeot affiliate. Banned extremist group Direct Action said the blast was in protest against military operations in Chad.

Nationwide alert

French Defence Ministry issued a nationwide alert for two Foreign Legion men after the disappearance of their regiment's monthly payroll of about FFr 1m (\$120,000) from its headquarters near Nimes.

Israeli resignation

Israeli Minister without Portfolio Mordechai Ben-Porat, an independent, resigned from Premier Yitzhak Shamir's coalition, saying the Cabinet was not functioning properly.

Plea to Italy

Lebanon Foreign Minister Elie Salem left Beirut for Rome to urge Italy to maintain its commitment to the multinational peace-keeping force.

Attacks in Lebanon

Three Israeli soldiers were reported wounded in separate attacks in south Lebanon.

Namibia peace hope

Hopes of a trial ceasefire in Namibia improved after weekend talks between the South African Government and U.S. Assistant Secretary of State Dr Chester Crocker. Page 2

Iraq frees Iranians

Iraq handed over 190 Iranian prisoners to the International Red Cross at Ankara airport. An Iranian airliner arrived to fly them home. Page 2

Papadopoulos party

Former Greek dictator George Papadopoulos, jailed for life in 1967, sponsored the formation of a new right-wing political party. A recorded speech by him was snatched out of prison. Page 2

Irish raid

An armed gang of 12 stole £250,000 (\$350,000) worth of paintings, silver and antiques from the home of retired British officer, Major Dixie Coddington, from his home near Drogheda, Ireland.

21,000 arrests

More than 21,000 farmers have been arrested in four days of protests against low crop prices and land redistribution in the southern Indian state of Karnataka.

Doctor Nicklaus

U.S. golfer Jack Nicklaus is to be given an honorary doctor of law degree by St Andrews University, Scotland, on July 17.

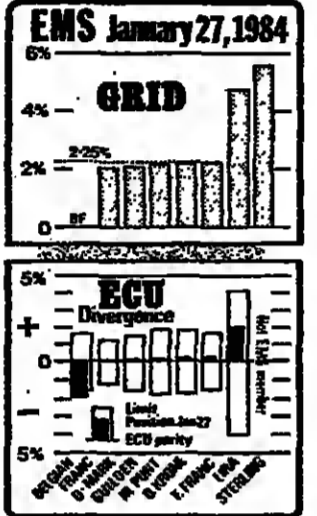
BUSINESS

Chrysler plans car link with Japan

CHRYSLER U.S., having talked with possible overseas partners, including West Germany's Volkswagen, is planning a joint manufacturing project for a small car with Mitsubishi of Japan. Page 14

SOVIET First Deputy Prime Minister Ivan Arkhipov arrived in Paris for four days of trade talks, which France hopes will lead to a further cut in its trade deficit with Moscow.

THE BELGIAN franc remained the weakest European Monetary System currency last week and was



again outside its divergence limit. Belgium's central bank was active in the foreign exchange market, mainly in an effort to contain the dollar's strength. However, there were fears that a weaker dollar would push the D-Mark firmer and cause renewed strains within the system.

The Italian lira remains the strongest EMS currency and was slightly firmer on the week, with the French franc second.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2 1/2 per cent. The lower chart gives each currency's divergence from its 'central rate' against the European Currency Unit (ECU), itself a basket of European currencies.

U.S. FED's open market committee meets today and tomorrow and is expected to concentrate on 1984 monetary growth targets, the impact of the introduction of current reserve requirements and the Fed's immediate monetary posture. Page 16

U.S. PAY: Average level of increases won in important settlements in 1983, 2.6 per cent in the first year of contracts, was the lowest in the 16 years since the data has been collected. Page 2

TURKEY is to increase energy imports from the Soviet Union.

INTERNATIONAL newspaper publisher Rupert Murdoch has become a director of U.S. group United Technologies, parent of Pratt & Whitney, Sikorsky Helicopters and Otis Elevators. Men and Masters. Page 12

SOUTH AFRICA'S Competition Board has ruled against the proposed R20m (\$15.8m) takeover of National Explosives by the country's largest chemicals group, AECI. Page 16

TEXAS INSTRUMENTS, which left the home-computer market in October, improved fourth-quarter net earnings by 82 per cent at \$77.5m, spurred by semiconductor sales, but lost \$145.4m in 1983, compared with a 1982 net profit of \$144m. Page 14

DG BANK, the West German co-operative banking movement institution, is increasing its risk provisions, particularly for foreign currency, in its 1983 accounts. Page 16

NIPPON ELECTRIC plans to build a second UK factory to make telecommunications and office automation equipment. Page 14

Confident Republicans ready for presidential trail

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

OPTIMISTIC Republicans yesterday geared up to launch President Ronald Reagan towards a second term in the White House, confident that he will finally announce his official candidacy for re-election later this month.

Mr James Baker, the White House chief of staff, said yesterday that he was "absolutely convinced" that Mr Reagan would run. Vice-President George Bush expressed the firm belief that he would again be Mr Reagan's running-mate.

Mr Reagan was still doing everything to maximise the drama of his late-night, nationally televised five-minute announcement, which was being paid for by his official Reagan-Bush '84 campaign committee at a cost of \$400,000.

Mr Baker said that Mr Reagan

had never directly revealed his intentions, except, perhaps, to his family. Although most of political Washington believes that Mr Reagan has effectively been running for several months, the White House spokesman yesterday was still "tune in tonight."

More than 1,000 leading Administration members were gathered with campaign officials and supporters for a major rally at a Washington hotel to celebrate the formal opening of the re-election drive. Mr Reagan allowed his name to be entered in the Pennsylvania primary on Friday, and another nationwide direct mail appeal to 2.2m potential contributors was put in the post yesterday.

Reagan campaign officials said that \$4.2m had already been raised

and that \$36m would be spent before the Republican convention in Dallas in August, despite the fact that there is no other Republican challenging Mr Reagan for his party's nomination.

"Ronald Reagan is in reasonably good shape, but we are not the least bit sanguine," Mr Baker said. "We know from experience that presidential elections have a way of closing up and getting tighter after the nominations. We're expecting a very close race and preparing for it."

The latest Gallup Poll, published yesterday, gave Mr Reagan a 54 per cent approval rating for his overall handling of the presidency, with 37 per cent disapproving. The figures kept Mr Reagan's popularity at the

highest it has been for at least two years.

Other recent polls have suggested that Mr Reagan is entering his fourth year in office with the strongest degree of national support of any president since Dwight Eisenhower in the mid-1950s. Most polls show him running well ahead of his two chief Democratic rivals, former Vice-President Walter Mondale and Senator John Glenn of Ohio, although a Gallup survey last week placed the three men neck-and-neck.

Mr Edward Rollins, the Reagan-Bush committee campaign director, said yesterday that the Republicans on the whole preferred Mr Mondale as an opponent to Mr Glenn, because "we know where he stands."

Most political analysts believe

Profit of £180m is forecast by BA

By Michael Donne in London

BRITISH AIRWAYS, the UK state airline, expects to end the financial year on March 31 with a net profit of around £180m (\$252m). At the end of the first six months of the year, last September, the airline had a net profit after interest and tax of about £162m.

Although the winter months are customarily a period in which some airline profits are eroded, British Airways (BA) has done better than expected this winter.

The number of passengers carried has not risen significantly, but the airline's costs have come down substantially as a result of the continued retrenchment programme, with the result that yields have improved.

The airline now has about 37,500 staff against a peak of over 59,000 in 1979-80. Moreover, it is flying far fewer aircraft, having eliminated many older, inefficient jets from the fleet and introduced new, more efficient types such as the Boeing 757.

The 757 with its Rolls-Royce RB-211-535C jet engines, is 25 per cent cheaper to fly than the Trident Three, which has been one of the mainstays of the fleet on shorthaul European routes for many years. The 757 can also carry many more passengers at a time, and the combination of these two factors is having a strongly beneficial effect on BA's revenue yields. The airline has nine 757s in service, with more on order for delivery this year and next.

The Boeing 737, the other important jet in BA's fleet, with 28 in service, another 14 on order and 17 more on option, is also a highly profitable aircraft to fly and is generating significant profits in its own right. The Concorde is also now profitable on the Transatlantic routes and is making considerable sums from extensive charter work.

During the coming week, BA is expected to submit to the Civil Aviation Authority its detailed views on the current aviation policy review, which the authority is conducting at the request of Mr Nicholas Ridley, the UK Secretary for Transport.

BA is expected to reiterate strongly its opposition to any break-up of its route structure upon privatisation, and to suggest that while some reforms of the domestic and international route licensing structure may be desirable, they should not be introduced at the expense of BA's route structure.

BA is expected to make clear that

Exporters to Nigeria agree on rescheduling trade debt arrears

BY QUENTIN PEEL IN LONDON AND TERRY DODSWORTH IN NEW YORK

Several leading exporters to Nigeria from Europe and the U.S. have agreed with the Nigerian Government on terms for rescheduling the substantial arrears in trade payments owed to them, senior Nigerian officials said yesterday.

The deals rule out any better terms being offered to other suppliers, the officials insist, although more than 50 companies are seeking to form a united front to negotiate such an improvement.

The latest move in Nigeria's efforts to reschedule a backlog of some \$6bn in trade payments came as the new military regime announced a purge of top civil servants in Lagos, with the immediate retirement of 17 permanent secretaries in Government Ministries.

Among those to go are the top officials in the defence, education, agriculture and transport ministries, but the key finance ministry is unaffected. Many of the remaining 30 permanent secretaries have been transferred.

In London, members of the Nigerian team seeking to negotiate a deal on the trade arrears said agreement had been reached with some 10 leading companies, including a big U.S. multinational, large contractors from Holland and West Germany, and a French trading house. Two UK-based traders were also said to be close to agreement.

There was no immediate confirmation of a deal from any of the companies concerned last night. However, a spokesman for IIT, the

U.S. corporation with the largest individual exposure in Nigeria, with arrears estimated at \$900m, expressed confidence that an agreement would be finalised "in the near future."

"We have found the mood to be most co-operative on both sides," he said. "It is premature to discuss the details, but we are certain that this spirit of co-operation will prevail, and that an agreement satisfactory to all will be finalised in the near future," the IIT spokesman said.

The Nigerians expressed satisfaction with last week's talks held with British, French and West German officials, on the terms for refinancing the portion of the backlog insured by official export credit agencies, estimated at some \$2bn. However, they strongly oppose the efforts by uninsured suppliers to form a united front, in order to secure better terms.

The deal being offered to both export credit agencies and individual suppliers is for repayment of the backlog over a period of six years, with a 2 1/2-year grace period, and at an interest rate 1 per cent over the London Interbank Offered Rate (Libor).

The key point of disagreement concerns the refusal to pay any post-maturity interest on the ar-

Saudi arms row sours Kohl's visit to Israel

BY DAVID LENNON IN TEL AVIV

WEST GERMAN Chancellor Helmut Kohl flew home from Israel yesterday at the end of a controversial five-day visit that clearly demonstrated that the two countries have different perceptions of what should be the nature of their relationship.

The row over possible West German arms sales to Saudi Arabia epitomised the gulf between the respective attitudes of Bonn and Jerusalem, and, to some extent, marred what had been intended as a goodwill visit.

While the Israelis argued that the Nazi slaughter of 6m Jews placed a lasting moral burden on the shoulders of Germany, Chancellor Kohl declared that "the special relationship between our two countries due to the past has developed more and more into normal relations on account of the change of generations."

Mr Yitzhak Shamir, the Prime Minister, told Herr Kohl that it is "unthinkable" that arms from Germany, a country which tried to exterminate the Jews, should be supplied to an enemy of Israel.

But the West German leader's only public response was to promise to "fully consider the legitimate interests of friendly countries in this region" while deciding on the sale of weapons to Saudi Arabia. "It is important," Herr Kohl said in Jerusalem, "for Europe as well as for us to pursue a realistic and balanced policy vis-à-vis all countries in this region."

Pressed on the morality of German arms' possibly being used by

the Arabs against Israel, the Chancellor refused to answer the question directly. While nations should learn from history, he stressed, relations between Israel and Germany should look towards the future.

While the Chancellor did speak of the historical responsibilities of Germany towards the Jewish people, he made plain that on regional issues he believes Israel should be treated in the same way as other friendly countries, and not as a special case, as Jerusalem demands.

The Chancellor's visit also brought little joy to the Israelis in the economic sphere. Israel had asked Germany to increase its annual development aid from the current annual level of DM 140m (\$50m).

Continued on Page 14

Hussein denies strike force plan. Page 2

Continued on Page 14

China prepares for 1,000 foreign deals

BY JONATHAN CARR IN DAVOS

CHINA EXPECTS to conclude about 1,000 contracts with foreign firms this year to import technological know-how and industrial equipment, and will boost this figure further in 1985.

At the same time, the Chinese Government is working to improve conditions for foreign investment and intends to make still greater use of foreign funds to help finance its next five-year plan.

That was announced in Davos at the weekend by Mr Bao Hua Yuan, the Vice-Chairman of China's State Economic Commission, who is leading a strong delegation to the annual symposium of the European Management Forum (EMF).

Mr Yuan was at pains to emphasise to his audience of international businessmen, many keen to make deals with Peking, that China's decision in recent years to open itself economically to the outside world would not be reversed.

"China offers a huge market," Mr Yuan said. "Whatever problems arise can be thrashed out. Our policy of co-operation is not subject to change. We know the legitimate interests of foreign partners must be observed."

Asked what products China wished to buy, Mr Yuan mentioned high-precision machine tools, motor

vehicles, power generation and mining equipment and a wide range of other industrial machinery.

He underlined China's interest in joint industrial ventures with foreign enterprises and said Peking aimed to increase the domestic market share of products that emerged from such ventures.

Mr Yuan noted this would help allay the worries of potential foreign partners, who previously had been put off by Peking's insistence that they "buy back" part of production to help finance deals. He agreed that Peking had "laid over-emphasis" on this stand in the past.

He said Peking had also decided:

- To ease tax policies, including speeding up double taxation accords with other countries, to encourage foreign investment.
- To speed the process of negotiating contracts with foreign firms. He estimated that at present negotiations took an average of three to five months before a contract was signed but there were wide variations.
- To extend the services made available by the Banks of China.

Mr Yuan also said that last year China's industrial production rose by 10 per cent against 1982. Peking cracked down on grain theft, Page 2

Renault 'lost \$88m' on coffee

By David Housego in Paris

RENAULT, the French state-owned motor manufacturer, is reported to have lost nearly FFr 800m (\$88m) between the years 1975 and 1977 when it ventured out of its own field into the manufacture of instant coffee.

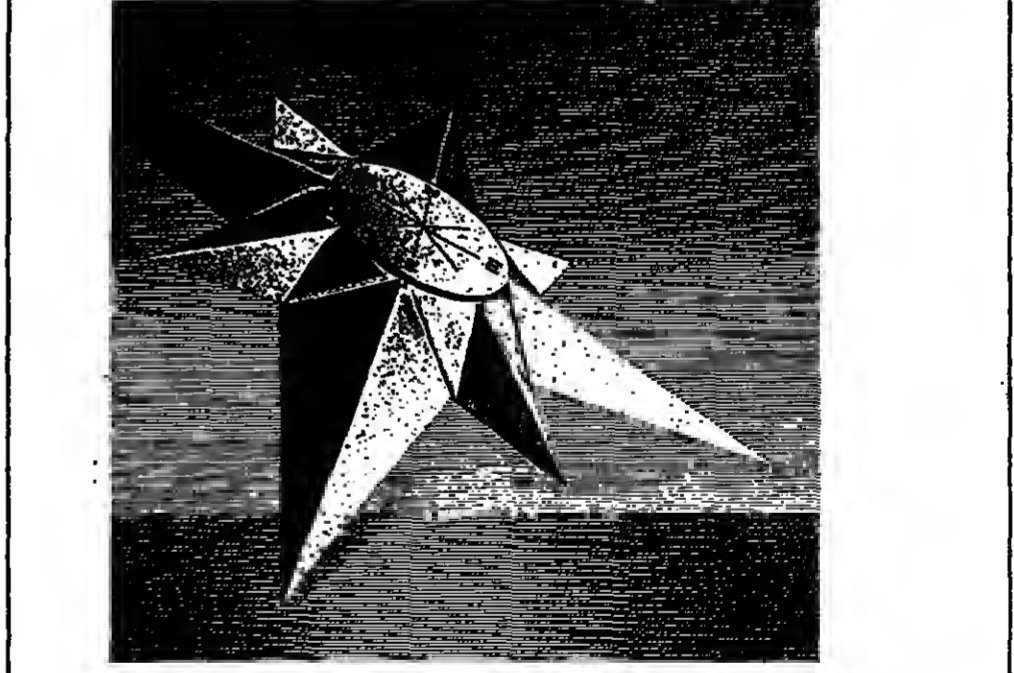
Disclosing Renault's ill-fated investment, the French magazine *Le Point* linked it to the loss by the Elf Erap state-owned oil group of FFr 555m on "oil sifter aircraft." For nearly three years, Elf believed that the "sifter" aircraft, equipped with electronic sounding devices, could detect oil structures from the air.

Renault, in a statement yesterday, admitted the broad outlines of *Le Point's* disclosures but said there had been no violation of French laws. One of the charges against Elf was that with the approval of President Giscard d'Estaing's administration, substantial funds were channelled abroad by irregular means in support of the project.

The comparison with the Elf affair is that both state groups lost substantial sums and both were taken in by worthless inventions. In the Renault case, the motor manufacturer was said a new process for

Continued on Page 14

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OVERSEAS NEWS

Hopes rise for ceasefire in Angola war

By J. D. F. Jones in Cape Town

THE PROSPECT of a truce in the Namibia-Angola border war has strengthened as a result of weekend talks in Cape Town...

Both sides were diplomatically keeping silence as Dr Crocker departed for Lusaka...

The South Africans last December—at the very time they were carrying out a five-week invasion deep into southern Angola—offered to withdraw from Angola for the month of February.

Dr Crocker has been attempting to find a way around the conditions with which the Angola Government, not surprisingly, responded to the South African ceasefire proposal...

'Eta behind killing of Spanish general'

By David White in Madrid

A FORMER Madrid army commander was shot dead yesterday by two gunmen presumed by police to belong to the underground Basque separatist organisation Eta.

The killing is believed to represent Eta's riposte to recent moves against prominent members who had taken refuge in the French side of the Basque country.

Six top Eta figures were recently expelled by the Mitterrand Administration from the French mainland after strong pressure from Madrid.

Gen. Guillermo Quintana Lacel, 67, who was on the army's retired list, died from bullet wounds in the head. His wife and another officer were hurt in the attack.

It was the first time that such a senior military figure had been a terrorist target since the Socialist Government took power in Spain in December 1982.

The assassination took place as the General was returning from mass. The circumstances recalled those of the murder 10 years ago of Admiral Carrero Blanco, then Prime Minister under Gen Franco.

The last time a top officer was killed was in November 1982 when Gen Victor Lago Roman, commander of the elite Brunete armoured division.

Road blocks were set up around Madrid yesterday.

U.S. pay rises lowest for 16 years

By Stewart Fleming in Washington

THE AVERAGE level of wage increases won in major U.S. collective bargaining contracts last year was the lowest in the 16 years since this data has been collected, according to the Bureau of Labour Statistics.

For the 5m workers who reached settlements last year in collective bargaining units with 1,000 workers or more, the average first-year increase was 2.6 per cent, with a 2.8 per cent rise annually over the remaining life of the contract, usually two or three years.

The bureau said that these same workers, when they last completed their wage agreements two to three years ago, won increases of 9.3 per cent in the first year and 6.8 per cent in subsequent years of their contracts.

The data covers industries such as telephone communications, airlines, transportation, steel and construction...

growing strongly and employment rising, forthcoming settlements will be reached in conditions much more favourable to labour.

The inflation outlook will be one of the important issues to be debated at what is seen as a more than usually important meeting of the Federal Reserve Board's monetary policy-making arm, the Open Market Committee, in Washington today and tomorrow.

The meeting, which takes place ahead of the release of President Ronald Reagan's budget message to Congress on Wednesday, will be preparing the ground for the first of Mr Paul Volcker's twice-yearly presentations to Congress about the thrust of monetary policy.

The Fed chairman will give his testimony on February 7 and 8.

Proposals to update European education

By two Dawson in Brussels

THE EUROPEAN Commission has released details of a new initiative aimed at tailoring the efforts of educational and training institutions to the needs of new technology industries.

The proposals, which now go for approval to the Council of Ministers, centre on the creation of "partnership programmes" between industry and training establishments adapted to meet local or regional needs.

The scheme also calls for further research into the effect of new technologies on manpower policies and working practices, along with the creation of common European principles for the promotion of special agreements between labour and industry.

Presenting the proposals, Mr Ivor Richard, the Social Affairs Commissioner, said that the new industries could create between 4m-5m new jobs in the EEC over the next 10 years.

He added that EEC member states were "lagging lamentably" far behind Japan which has more than twice as many graduate electronic engineers per head of population.

It is a great irony that Europe's greatest asset is its human resources, but at the same time the most severe constraint on industrial and technical progress, in the view of European companies, is the lack of suitable manpower, he said.

Mr Richard would not be drawn on the cost of the proposals, though he suggested that resources could be made available either through the Social Affairs budget or through a new fund.

House market stock to be launched in Japan

By Terry Dodsworth in New York

THE American authorities are launching a U.S. mortgage-backed securities in Japan as part of a programme aimed at internationalising the financing of domestic housing market stock.

Announcing the plan in Tokyo, Mr Samuel Pierce, secretary of the U.S. Department of Housing and Urban Development, said that the time had come for a world market

in such securities. An initial sale of \$100m of paper from the Government National Mortgage Association is planned in Japan in the near future.

It will be handled by Salomon Brothers of the U.S. and Daiwa Securities of Japan.

and Urban Development which guarantees them. They derive from the U.S. system of packaging together individual mortgages and then selling them to be traded.

Five issues of Ginnie Maes have recently been listed in Europe on the Luxembourg stock exchange, and last week were also listed in Singapore.

will also be listed on the Tokyo stock exchange, but Japanese investors will meanwhile be able to purchase and trade them following Ministry of Finance recognition.

Interest rates on the five issues range between 8 per cent and 11 per cent. The U.S. authorities believe that at these levels there will be a ready market for the securities.

Marcos likely to win changes

By Philip B. Smith in Manila

PHILIPPINE voters appear to have approved of amendments to the constitution in a referendum marked by comparatively little violence and a lethargic turnout, Renter reports.

The Government of President Ferdinand Marcos seemed to have shown little enthusiasm in pre-referendum campaigning - perhaps because its members were more concerned with forthcoming parliamentary elections in May - and in many areas voters appeared to have shown the same disinterest.

The political opposition ignored the poll completely and called instead for a boycott. Many of those favouring a boycott joined a two-day protest march on Manila from Tarlac, birthplace of the opposition leader Sr Benigno Aquino.

Chinese probe reveals widespread grain theft

By Mark Baker in Peking

CHINESE AUTHORITIES have uncovered 14,700 cases of theft and corruption during nationwide investigations of grain handling agencies.

Official reports say the so-called "grain rats" have been responsible for stealing a total of \$8m and 18,000 tonnes of grain and edible oil.

A circular issued by the Communist Party's Central Discipline Inspection Commission has ordered tougher action to control criminal activity within provincial organisations controlling grain and oil distribution.

"If the grain rats indulging in embezzlement and corruption in the grain departments are not dealt with seriously and ferreted out, the economic losses will be enormous," said a commentary in the party newspaper, "People's Daily."

"Grain is the treasure of treasures and we must plug the rat holes." The party commission said that up to last November three grain officials had been executed for their involvement in the rackets, which had included some leading party officials and members.

Most of China's grain and oil supplies are collected and distributed by the state at fixed prices, but surplus produce can fetch much higher prices at the free markets.

Minister quits Cabinet post

By Our Tel Aviv Correspondent

MR MORDECHAI BEN-PORAT, a Minister Without Portfolio, resigned from the Israeli Cabinet yesterday, but promised to continue supporting the coalition Government headed by Mr Yitzhak Shamir.

He complained that the Cabinet was not functioning properly, because personal and political rivalries made proper decision-making extremely difficult.

The disaffection of Mr Ben-Porat, head of a Hasidic faction in the Knesset (parliament) is the latest example of the fraying edges of the coalition.

Meeting of Opec body postponed

By Richard Johns

THE MEETING of the Organisation of Petroleum Exporting Countries' market monitoring committee, originally scheduled for February 10 in Vienna, is understood to have been postponed and provisionally reset for March 2.

Members of the four-man ministerial committee chaired by Dr Mansour bin Ahmad of the United Arab Emirates, however, have agreed that more time will be required to assess how hard the squeeze on demand for Opec oil in the second quarter of the year will be.

Opec has been fortified by the recovery of prices at the spot market, but its experts are well aware that the cold winter in the northern hemisphere, especially the U.S., and relatively low level of stock has been responsible.

Moreover, other Opec members are faced with Nigeria's demand for an increase in its quota of 1.3m barrels a day under the present production sharing agreement to 2m b/d and have to assess how strongly Nigeria would push it.

Any attempt to renegotiate quotas could prove fatal for Opec's \$29 reference price when it is faced with the prospect of demand for its oil dropping to as little as 16.5m b/d in the second quarter.

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Table with 4 columns: Coupon Debentures Bearing the Prefix Letter M, and various numbers. Includes a list of 100 numbers.

The Debentures specified above are to be redeemed for the Sinking Fund (a) at Citibank, N.A. (formerly First National City Bank), Trustee under the Indenture referred to above, No. 111 Wall Street, in the Borough of Manhattan, the City of New York, or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Brussels, Frankfurt/Main, London (Citibank House), Milan, Paris, and Citibank (Luxembourg) S.A., and Knudsholm S.A., Luxembourg, in Luxembourg. Payments of the amounts referred to in (b) above will be made by a United States dollar check drawn on a bank in New York City or by a transfer to a United States dollar account maintained by the payee in New York City, on March 1, 1984, the date on which they shall become due and payable, at the redemption price of 100 percent of the principal amount thereof, together with accrued interest to the date fixed for redemption. On and after the redemption date, interest on the said Debentures will cease to accrue. Upon presentation and surrender of such Debentures with all unremitted coupons, payment of principal will be made out of funds to be deposited with the Trustee.

The amount of any missing unremitted coupons will be deducted from the sum due for payment. Coupons due March 1, 1984 should be presented for payment in the usual manner.

Gulf Oil Corporation By: CITIBANK, N.A., as Trustee

Statement today on the future of Woerner

By James Buchan in Bonn

HERR Helmut Kohl, the West German Chancellor, will today make a "clear and immediate" statement on the future of Herr Manfred Woerner, his sorely embattled Defence Minister, whose career is in serious doubt because of the so-called "Kiesling Affair".

Herr Kohl, visibly exasperated by the disruption the affair has caused to a difficult visit to Israel, flew back yesterday to his constituency home and will hold a meeting with Herr Woerner today.

He will be greeted by equal exasperation within the government parties at Herr Woerner's handling of the affair, now entering its fifth week.

The affair, which began with the dismissal of Gen Guenter Kiesling late last year on the grounds of security risk, took on a new dimension last week when it was found that the Defence Minister and a senior chancellor official had received witnesses to hear allegations of homosexuality against the general.

The parliamentary party of the Christian Democrat-Christian Social Union (CDU-CSU) is now demanding that the Chancellor hold a meeting with coalition representatives to find a means of stopping "the affair from smouldering for weeks and months more".

Herr Franz-Josef Strauss, the CDU chairman who turned down the offer of the Defence Ministry after the elections last March, yesterday also criticised Herr Woerner's decision to hear the new allegations: "I

doubt very much this was wisdom of the first order—to put it mildly."

He went on to suggest that if Herr Woerner goes, it would be hard to keep Count Otto Lambsdorff, the Free Democrat (FDR) Economics Minister who faces court proceedings on suspicion of taking bribes.

Herr Kohl is understood to want to avoid a full reshuffle at all costs, so as not to upset the balance between the three coalition parties in favour of Herr Strauss.

French unions attack job-creation plans

By David Housego in Paris

PROPOSALS due to be discussed by French ministers today for creating new jobs in industrially declining areas have already come under heavy fire from trade unions and the Left of the Socialist Party.

The proposals have been put forward as part of the Government's attempt to minimise the unemployment consequences of industrial restructuring in such ailing sectors as steel, coal and shipbuilding.

The central idea would be the creation of some 15-40 special zones in which companies would be encouraged to set up new factories by a combination of tax incentives and a relaxation of existing labour and social legislation.

M Jacques Delors, the Finance Minister, has spoken of "free zones" attractive to investors and M Pierre Mauroy, the Prime Minister, of "areas of industrial reconversion."

As leaked to the press, among the ideas to be discussed today would be proposals for waiving or modifying in the "free

zones" current regulations that weigh heavily on small employers.

Companies with more than nine employees are now required to pay out an additional 3 per cent of their salary bill in social security contributions and various taxes.

Companies with more than 11 people must appoint a worker's delegate; and once the threshold of 50 people has been crossed, they must set up various works committees.

As reported in the Press — since strongly denied by the Prime Minister's office — companies in the special zone would have been given a free hand over redundancies.

Reaction from unions and the extreme Left over the week-end has been quick and explosive.

In the face of this outcry, the Prime Minister's office issued a statement over the weekend saying that the Government had taken no decisions and that it would consult before doing so with employers and unions.

Jailed Greek junta chief launches new party

By Adrianna Ierodiakonou in Athens

THE jailed leader of the military junta which ruled Greece from 1967 to 1974, former Col George Papadopoulos, launched a new ultra-right in the political party yesterday, which plans to put up candidates for next June's European Parliament elections.

About 5,500 supporters attended a rally to launch the National Political Union (NPU) in central Athens yesterday. Many wept as a message taped in Papadopoulos' prison cell was broadcast over loudspeakers.

The former dictator, using language reminiscent of the

seven-year junta, pledged to restore "Hellenic Christian ideals" to restore law and order in schools and universities and launch a new ultra-right in the Western strategic camp.

By leading the party's European election ticket, Mr Papadopoulos planned to use EPEEN to try to secure a release from prison, where he is serving a life sentence for treason.

If Papadopoulos gets a seat, the Government will be faced with a problem, a party official said. EPEEN could also spell the loss of a significant number of votes for the conservative New Democracy Party.

Gas find off Netherlands

By Walter Ellis in Amsterdam

NAM, the Dutch oil company owned jointly by Esso and Shell, has made what could be a major offshore gas find some 30 miles north-west of the Netherlands.

The new field, located in Block L13, is thought to be capable of producing up to 2m cubic metres of high-quality gas per day. It is possible—though this has to be confirmed by NAM—that the field could contain a total of 35m m cubic metres of gas.

Between 1961 and 1982, discoveries totalling 300bn m cubic metres of natural gas have been made in the Dutch sector.

Hussein denies strike force plan

By Rami Khouri in Amman

KING HUSSEIN of Jordan has denied any plans to set up a "Jordanian rapid deployment force", which would be able to react speedily to any threat to the Arab oil states in the Gulf. The Reagan Administration said last week that it planned to ask Congress for up to \$200m in grants to set up such a force.

King Hussein stressed at the weekend that Jordan's armed forces had a long history of coming to the aid of any Arab state that felt threatened, such

Kuwait and Oman. Jordan would always help an Arab state that requested its military assistance, he said.

The plan for the Jordanian strike force has placed Jordan in the awkward position of seeming to safeguard American strategic and security concerns in the Middle East.

King Hussein said his top priority was to formulate a joint political programme with the PLO, which he hoped would win majority support at a forthcoming Arab summit and therefore allow the Arabs to take the

initiative in unblocking a Middle Eastern scene now characterised by "paralysis that we cannot live with or accept."

David Lennon adds from Tel Aviv that persistent reports in the Israeli media imply that Israel may go along with the U.S. plan for a Jordanian strike force, rather than face a full-scale confrontation with the Reagan Administration in this election year. However, Israel's Foreign Ministry yesterday flatly denied that Israel had dropped its objections to U.S. aid for such a force.

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OVERSEAS NEWS

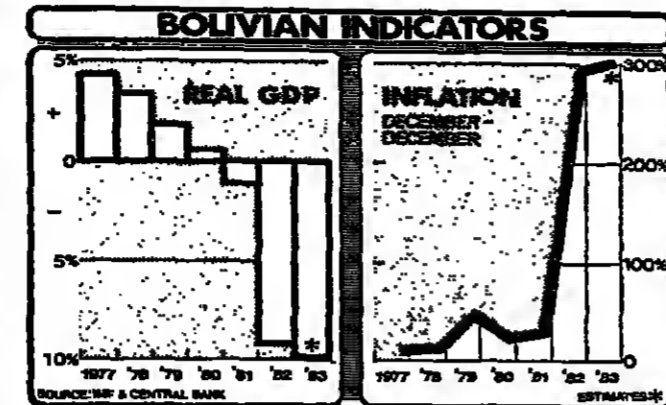
Mary Helen Spooner, recently in La Paz, examines the plight of Bolivia
Political fear weakens economic resolve

IN BOLIVIA it is sometimes difficult to reconcile political survival with sound economic management. The 15-month-old government of President Hernán Siles Zuazo has been reluctant to take any decisive steps toward turning the country's battered economy around as it tries to keep from drowning in Bolivia's treacherous political waters.

Central bank preliminary estimates of the contraction in Bolivia's Gross Domestic Product last year range from 7.6 per cent to 12.2 per cent following 1983's estimate of a contraction of between 8.7 per cent and 9.9 per cent. The rate of inflation, which reached 296 per cent at the end of 1982 topped 300 per cent last year.

come of talks with the Government. The black market rate for the dollar, which had been 200 to 300 pesos higher than the official rate, shot up to 1,500. The Bolivian authorities have not made any attempt to curb the black market, which provides importers with a means, albeit an expensive one, of getting around central bank regulations on imports. These are currently restricted to pharmaceuticals, foodstuffs and industrial equipment.

Sr Fernando Baptista, the Bolivian Finance Minister, defends the exchange rate on the grounds that a larger devaluation would make no difference in the country's exports. "We basically export two products, tin and natural gas, and even if we devalued by 1,000 pesos to the dollar, our production and exports would not increase because the market for these products remains depressed," he said.



national prices for tin, tungsten and antimony have cut revenues further. Last year, floods in Eastern Bolivia and a crippling drought in the Western high plateau, the Altiplano, reduced the agricultural harvest by between 40 and 60 per cent.

These disasters obliged Bolivia to spend \$170m in foreign exchange to pay for agricultural imports to make up the food shortfall. The prospects for this year's harvest are mixed, with plantings down by as much as 80 per cent in the Altiplano but with fairly good crops expected from the Eastern regions.

Bolivia close the gap between the official and black market exchange rates, as well as reduce Government spending. According to Sr Baptista, virtually all Bolivia's state spending involves interest payments and salaries for Government employees, which would leave the Siles Government with the politically dangerous option of eliminating jobs in the public sector to meet IMF conditions.

While the Government ponders its alternatives, the lack of any well-defined economic policy has cost Bolivia potential sources of financial aid. A second session of a United Nations conference on emergency economic aid to Bolivia scheduled to be held last October in La Paz had to be delayed until this month and then postponed indefinitely due to "political considerations."

Spain to rationalise motorway system

BY DAVID WHITE IN MADRID
 THE SPANISH Government has announced a legislative package aimed at rationalising the country's depleted motorway system, which is privately run as government concessions, and at channelling external credit to the sector.

The Cabinet approved the creation of a national motorway company named Enausa and authorised the Treasury to raise \$350m in external loans which will be administered by the Instituto Oficial de Crédito (IOC).

Enausa is the result of the merger of the companies operating the Atlantic motorway, projected to link towns along the north-west Galician coast, and the so-called Astur-Leonesa motorway which is due to join Castile to the industrial Asturias region. Both companies were in severe financial difficulties and

were nationalised in the autumn. The Government also merged Acesa, the company which operates the Barcelona-French frontier route, and the Zaragoza-based Acesa, which has concessions for motorways in the Aragon region.

Conservative tops Ecuador poll

CONSERVATIVE leader Sr Leon Febres topped opinion polls on the eve of Ecuador's presidential election but political analysts said they doubted whether any candidate would win outright and a run-off would be required, Reuter reports.

There are nine candidates in the field, with Social Democrat, Sr Rodrigo Borja listed second in the latest poll. It showed Sr Febres leading the race with 33.7 per cent, Sr Borja with 21 per cent and the seven other candidates trailing far behind in the fight to succeed President Osvaldo Hurtado, barred by the constitution from seeking re-election.

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Bonds surrendered for redemption should have attached all unattached coupons appurtenant thereto. Coupons due 1st March, 1984 should be detached and collected in the usual manner.

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From and after 1st March, 1984 interest shall cease to accrue on the Bonds herein designated for redemption.

INVESTORS IN INDUSTRY INTERNATIONAL B.V.
 By: MORGAN GUARANTY TRUST COMPANY
 of New York, Principal Paying Agent

Dated: 30th January, 1984

TECHNOLOGY

ADVANCES IN CUTTING

A pinch of sand gives Jetin the edge

BY TIM DICKSON

FOREIGN visitors to Jetin Industrial are apparently greeted by the sight of their national flag unfurled above the front door of the company's Epsom, Surrey, headquarters. "We have about 30 in stock," explains director Mike Peart, "and the gesture always seems to go down well."

Just at the moment, though, high pressure water jet special-
"Cutting thick glasses by conventional means is both time consuming and therefore costly." Abrasive water jet cutting has been used in mining.

ist Jetin is somewhat keener to raise its own colours. For thanks to a new abrasive jet cutting machine which it has developed over the last nine months—which is capable of accurately shaping a wide range of materials (including high tensile steel, armoured glass and titanium)—the company believes it is on the verge of a major sales breakthrough. The new jet combines forcible power (up to 13,000 psi) with a fine cutting edge. The jet uses fine sands delivered evenly throughout the nozzle. Jetin (formerly a division in, now a fully fledged subsidiary of F. A. Hughes) has been in the water jetting business for more than 20 years. Among the applications for its established range of machines are the underwater removal of

hazards from oil rigs and ships' bottoms, the automatic cleaning of coke oven doors in the steel industry, and the maintenance of motorway earth moving equipment. Competitors include two German companies—Woma and Hammelmann—and Neolith and Aqua Hydraulics in the UK. Jetin's new abrasive water jet, however, is claimed to be a much more versatile piece of technology and will cut curved or complex shapes out of most materials, giving a good edge quality without damaging the surface.

Developed in conjunction with Pilkington Brothers—which commissioned Jetin to work on the project a couple of years ago—the machine has already been used at the glass maker's R and D establishment to cut out aircraft windcreens, bullet resistant windows for cars and anti-wind and security glazings.

"Cutting thick glasses by conventional means is both time consuming and labour intensive and therefore costly," said a Pilkington spokesman. "Abrasive water jet cutting has been used in areas such as mining although these were fairly crude systems. We needed a small easily worked machine that could operate to relatively fine tolerances."

The best companies are always on the look out for spin offs from sub-contract work. And having successfully built a machine for a specific purpose, Jetin was indeed convinced that its possible applications were much greater—a view which seemed to be confirmed last April when a modest

amount of publicity in trade and technical magazines elicited inquiries from more than 1,000 different organisations (ranging from universities to big blue chip companies). Glazed cherries and a tree trunk embedded with nails were among the more unusual materials submitted by respondents with cutting difficulties of one sort or another. Jetin, meanwhile was confident that at least 20 per cent of those interested were potential customers and have quality without damaging the surface.

Glazed cherries and a tree trunk embedded with nails were some of the more unusual materials submitted by respondents with cutting difficulties.

since invested more than £50,000 to improve the "Heath Robinson" prototype which the company's abrasive cutting specialist Bob Phillips says was used for the Pilkington project. Further market research has also been commissioned but as Peart points out, "new applications keep popping up which we would never have thought of."

The machine consists of a standard Jetin high-pressure pump to feed the head, an optical following machine (manufactured by Hancock Cutting Machines) to trace the required shape, a combined cutting table/waste tank, and an



The machine can cut complex or curved shapes. It was developed by the Pilkington glass group and Jetin Industrial. It uses water mixed with fine sand to produce a sharp cutting edge.

abrasive feed unit. According to Phillips, the key lies in the patented tungsten carbide nozzle in which abrasive and water are mixed and then accelerated accurately on to the material surface at up to 13,000 psi. The pressure and amount/type of abrasive can be varied depending on the quality of finish required and the material being cut.

While by no means claiming to have bettered every other cutting method—the machine is not, for example, intended to replace the traditional diamond saw for cutting a straight glass edge—Phillips claims that

abrasive jet cutting has several significant advantages over other cutting methods.

No heat is generated (as with the oxy-fuel technique) so the risks of cutting in hazardous areas are reduced. Materials—stretched acrylic excepted—do not distort as there are no stress points. And the process does not create a dust hazard which means that materials such as fibreglass, concrete and even asbestos can be cut without any of the usual dangers. Unlike lasers, abrasive jets are not limited by the thickness they are able to cut through and can pass through an air gap.

DRUG DISPENSING

Automatic labels by RIVA adopted

BY GEOFFREY CHARLISH

RIVA TURNKEY Computer Systems, a five-year-old 50-employee company in Bolton, has won a firm contract from Boots to supply about 1300 screen and keyboard terminals for labelling pharmaceutical bottles and containers.

Although many High Street pharmacists already use typewriters and some have label printers, the Pharmaceutical Society—their professional body—has recommended that all labels should from the start of this year be either typed or printed.

The recommendation (it is not a legal requirement) arises from the growing realisation that old people for example, or those with impaired eyesight, may not be able to read hand-written or even hand-printed labels. The result can be inaccurate or possibly dangerous medication.

Riva's new computerised machine makes the chore of labelling quick and easy. The compact counter-top unit has a typewriter-like keyboard with several dedicated function keys, a small cathode ray tube screen and a built-in printer producing labels from an adhesive-backed roll housed in the casing.

Details of up to 2,000 drugs can be permanently held in the unit's semiconductor memory and this can be modified at any time. There are no disc or tape stores.

A representation of the label

to be printed appears on the screen showing the name of the drug, the dose, any interaction or warning messages and a space in which to enter the patient's name. The label is also timed and dated.

Printing can be in red or black and any label can be repeated as required. The printing operation takes only three or four seconds.

The machine has been developed over the past year in conjunction with the Galtup Organisation, which is conducting a nationwide overhauling poll of High Street pharmacists in order to determine the top selling products.

Galtup has deployed 500 of the labellers and makes use of the in-built communications facility in which a central computer dial each of the 500 units overnight to discover what has been sold.

This phone link facility also allows Riva to send new software to each machine and to provide software support "as if a programmer were sat in your shop."

The unit occupies 12 x 18 x 6 inches and plugs into a normal mains socket. No computer knowledge of any kind is needed to operate it.

The basic model holding 500 drug entries costs £350, or £1,250 with 2,000 entries. The communications model is priced at £250. More on 0204 391423.

MAINFRAMES

Burroughs get an 'A' in large systems

BURROUGHS HAS announced the first of its new "A" range of mainframe computers in the UK. It is the A9 and is intended to replace the B6900 machine which came on to the market in late 1979.

Burroughs, which believes it has about 6 per cent of the big computer market, expects to ship about 130 of the machines in 1984, mostly in the U.S. Deliveries of the A9 will start in Europe in the third quarter. The computer will be made in California.

The A9 will be supplied in three upgradeable sizes with memory from six to 24 megabytes. In comparison with the B6900, it will have about four times the memory and twice the throughput, with an average data transfer rate of 4.5 megabytes per second. Prices will be between £0.25m and £0.5m.

The doubled throughput is mainly due to the uniting by Burroughs engineers of two already established computing techniques—pipelining and multiprogramming, to give multiple logical processing or MLP.

Multiprogramming is a technique in which the execution of several programs is interleaved on a single processor. The time intervals during which one program is waiting (for example, for some data to come from memory) are used to execute parts of other programs.

A more recent technique, pipelining can also give improved performance on a single processor. It is based on the fact that a sequence of instructions often does not have to be completely sequential.

For example, in the instruction (a + b) - (c + d), the addition in the second bracket

can be carried out at the same time as that in the first—the machine is able to "look ahead" to see what the possibilities are. These several modules within the processor perform, in parallel, the various steps in the execution of the instruction. The machine becomes faster.

What Burroughs has done in the A9 is to use the two techniques simultaneously in "multiprocessing." That is, multiple processors are used to execute multiple programmes.

The multiple logic processor, MLP, enables the system to simultaneously multi-program and multi-process instructions at machine code level. The MLP treats each object code instruction as a separate micro-program. Multiple instructions are no longer handled sequentially.

Instead they are shared between, and individually processed by, three logical processors working in parallel. Burroughs claims that in most applications it can double the throughput of the CPU (central processor unit).

The technique, along with new hardware deploying emitter-coupled logic (ECL) microcircuits, has been applied without jeopardising compatibility with existing B6900 software, or field upgrading. The A9 will support all existing Burroughs large system applications software.

Compared with the B6900, the A9 needs 50 to 75 per cent less power, air conditioning and floor space. With the three system cabinets arranged in line, the computer measures 44 in. high, 29 in. deep and is 8.5 ft. long. More on 01 750 1291.

GEOFFREY CHARLISH



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REUTERS

Software

Programs for design systems

COMPUTERVISION has signed an agreement with DIS/Aldipe to enable certain software packages to run on the CDS 4000 series of computer aided design, manufacturing and engineering systems recently introduced by Computervision.

The Aldipe program performs stress analysis on three-dimensional plant piping models created on the CDS 4000. Designers can verify the engineering adequacy of designs for such facilities as petrochemical and nuclear power plants.

Computervision president James Berrett says the agreement is "part of an ongoing strategic programme involving acquisitions, proprietary research and additional strategic partnerships."

Price of the new software is between \$US20,000 and \$US100,000, dependent upon the analytical depth required. More on 0256 58133.

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Components Improved swivel

THE HUMBLE swivel joint installed in a pipe run to produce articulation can often fail, according to a new company called Rosaflex of Stockport, because the plain bearings used wear unevenly, leading to failure of the liquid retaining seal and subsequent leaking.

A new design by the company relies on high load-carrying needle roller bearings to make sure the joint continues to work in-line, thus protecting the seal from wear produced by misalignment.

The joints can withstand at least 1,000 lb/square inch and though normally made from carbon steel they can if necessary be made from corrosion-resistant material. They can be used wherever a piece of pipe or equipment must be rotated through 360 degrees and still hold fluid at pressure.

The present range includes joints with one to six inch nominal bore and they can rotate at speeds up to 10 revs/minute. More on 0663 44437.

Computers

Images analysed

IMAGE ANALYSIS can be carried out on a personal computer using a new system from Digihurst of Royston, Herts.

MicroScale 2 is come complete with a vision interface, software, documentation and a choice of cameras, either video or solid state.

With it, the user can measure the area of an object, both as an absolute value or derived from user-defined scaling factors, and as a percentage of the total. Perimeters can also be measured of objects selected by user defined windows. The images can be dumped to disc or printer together with associated data. Objects can also be counted.

Systems are available for the IBM colour and monochrome PC. They run under PC DOS and need 256k of random access memory. With a video camera, MicroScale costs £1,950 ex VAT. More on 0223 208926.

Images

Photos from computers

FOLAROID is working with Digital Equipment Corporation, DEC, to make its computer image recorder the Palette, compatible with the DEC Rainbow-100 computer. Palette is a low cost, interactive film recorder producing high quality 35 mm slides of personal computer graphics.

Already Palette, launched at the end of last year, works with the IBM personal computer, Apple II/E and Apple II/X Plus computers. More details from Folaroid on St Albans 59191.

مركز الصناعات

WORLD TRADE NEWS

Zimbabwe import quota cuts create concern

By Tony Hawkins in Harare

IMPORT quotas for Zimbabwean industrialists have been virtually halved in the past two years, according to the Confederation of Zimbabwe Industries. The CZI was commenting on the announcement last week that import allocations for commerce and industry have been cut by 20 per cent during the first half of 1984, compared with the latter half of last year.

The severe reductions in import allocations were caused by Zimbabwe's lacklustre export performance last year, attributable to the serious drought and depressed world markets for the country's mineral exports. At the same time, the country's external debt-service burden has been increasing and it is officially estimated that the rate of debt-service payments to exports this year will reach 20 per cent.

Addressing a recent business conference, Dr Bernard Chidzero, the Minister of Finance, detailed the sharp increase in invisible payments abroad that had taken place since independence. He said pension payments abroad had risen fivefold since 1979, reaching \$270m (\$43m) last year, while dividend and profit remittances had doubled to \$296m.

The most dramatic increase had been in the external servicing of debt, with interest payments alone rising from \$210m in 1979 to \$2163m last year.

Dr Chidzero estimated that Zimbabwe's current account deficit at \$2459m was 15 per cent lower last year than in 1982, but he warned that unless the deficit position improved further soon, Zimbabwe would have to review its policies on remittances abroad.

Business leaders are concerned that the new cut in quota allocations will have further adverse repercussions on output and employment in the manufacturing sector. Manufacturing production is estimated to have fallen more than 5 per cent in the past two years.

Mexico relaxes restrictions

By William Chislet in Mexico City

THE MEXICAN Government will relax its import restrictions from today to allow companies to buy dollars to spend on importing products at the controlled rate, currently 166 pesos to the dollar. Previously, some imports, particularly of consumer goods, had to be paid for at the free rate, now 166 pesos to the dollar. Officials said the main aim of the move was to streamline unwieldy bureaucracy. Importers have sometimes had to wait several months before they knew whether they qualified for dollars at the controlled rate. The dual system was also abused by the use of bribes.

Swedish forest industry reaps reward of restructuring

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

THE SWEDISH forest industry, the world's third largest exporter of pulp, paper and sawmill products, is recovering sharply after several lean years and is beginning to reap the benefits of a drastic restructuring and modernisation programme, helped by the upturn in international markets.

It is winning back market shares both from its North American competitors and from its traditional Nordic rivals, especially Finland, and Swedish forest product companies expect to make further gains during 1984.

The industry has been helped strongly by the 15 per cent devaluation of the Swedish currency 15 months ago as well as by the continuing strength of the U.S. dollar, and pulp exports have risen sharply, particularly to the Far East. Prices too have picked up after the drastic falls of 1982, and Swedish producers expect further price increases during 1984, led in the pulp sector by the North American mills.

The value of Swedish forest product exports jumped by SKr 7bn (\$903m) or 22.6 per cent to SKr 35bn last year. The industry accounts for around

20 per cent of Sweden's total exports, second only to the engineering sector.

Exports of paper and board were worth SKr 17bn last year, an increase of 17.2 per cent, with a 5 per cent increase in volume to 4.65m tonnes. Exports of pulp rose even more strongly to SKr 8.1bn, a rise of 26.5 per cent. The volume of pulp exports increased by 27 per cent to 3.15m tonnes.

The industry is enjoying a far higher capacity utilisation, which has been reflected clearly in sharply rising profits. This has led also to a surge in share prices, and forest product groups out-performed all other major industries on the Stockholm stock exchange last year with a rise of 103 per cent in the sector's share price index.

SCA Svenska Cellulosa, Sweden's biggest forest group, increased its pre-tax profits by 54 per cent in the first eight months of the year, for instance, and enjoyed an even better result in the last four months of the year.

Molbo, the country's third-largest forest products concern which suffered badly during the recession years, returned to profits in the first eight months

of 1983 with a pre-tax surplus of SKr 112m, a big turnaround from the SKr 89m loss it suffered in the corresponding period of 1982. Swedish pulp production rose to 8.7m tonnes in 1983, an increase of 1m tonnes or 13 per cent over the previous year, according to preliminary figures from the Swedish Pulp and Paper Association. As a result, capacity utilisation jumped to 92 per cent in 1983 compared with a level of only 80 per cent a year earlier.

Plants producing market pulp—pulp sold to the open market—were working at only 70 per cent of capacity in 1983, but they climbed back to 89 per cent in 1983 and are expected to rise above 90 per cent this year.

Paper and board production did not rise as quickly as pulp output last year, increasing by 6.2 per cent to 6.3m tonnes. Here, too, plants are running at much more profitable levels, however, with capacity utilisation rising to 85 per cent from 85 per cent in 1982.

Further increases in demand are expected to push capacity use above 90 per cent during the coming months in this sector too.

During 1984, the industry is expected to be running at the highest capacity levels for nearly 10 years.

According to Mr Bo Wergens, managing director of the pulp and paper association, the main reason for the industry's strong export performance is sharply rising demand from non-Euro-

pean markets, particularly pulp exports to the Far East—China, Korea, Taiwan and Malaysia.

Europe remains Sweden's main market for paper and board and here, too, its competitive position is improving, partly because of the final removal of tariffs on Swedish paper exports to the European Community at the end of December.

Sweden has slowly increased its share of EEC paper consumption to around 10 per cent from 8.5 per cent in 1972.

It has been wary of taking too much advantage of its current strong competitive position in European paper markets during the phasing-out of tariffs, however. "We have been anxious not to upset market relations too much," admits Mr Wergens.

Swedish producers have not been so restrained in international pulp and sawn timber markets, however, and have regained market shares heavily from Finland.

Unlike Finland, Sweden has also solved for the moment its problems of domestic timber supply, and is now only having to import marginal quantities of wood raw materials. "For years, we had prob-

lems getting the trees out of the forests," says Mr Wergens, "partly because of high marginal taxes. We could not attract the private forest owners to cut and support production. That is now history."

Swedish producers of sawn timber products enjoyed "an exceptional year" in 1983, according to Mr Lars Strilgh, managing director for the sector's trade federation.

Production rose to 11.5bn cubic metres from 10bn in 1981 and 10.7bn cu metres in 1982, while deliveries jumped to 12.2bn cu metres, the highest level since 1974. In order to cope with such demand, stocks are being run down by 1.2bn cu metres during 1983 and 1984.

Swedish pulp and paper mills remain currently internationally competitive, especially compared with the high-cost North American producers.

Productivity has improved following the drastic structural changes and modernisation of the industry. "Probably more old and non-profitable units have been closed down in Sweden in recent years than in any other country," Mr Wergens claims.

Moscow to send more energy to Turkey

By David Barchard in Ankara

TURKEY is to step up its energy imports from the Soviet Union. The undersecretary for the Treasury and Foreign Trade, Mr Ekrem Pakdemirli, who headed a seventy-man delegation of officials and businessmen to Moscow last week said that Turkey would buy natural gas from the Soviet Union. A pipeline would be constructed and imports would start by the end of 1986.

The pipeline is expected to link industrial centres in Turkish Thrace and Istanbul with Bulgaria. Mr Pakdemirli said Turkey was contemplating buying up to 4,000m cubic metres of natural gas if a suitable price could be agreed.

Turkey is also to increase its purchases of electricity from the Soviet Union to 400m kilowatt hours this year and a second transmission line across the Turkish Soviet border will be constructed in Leninakan in Soviet Armenia.

The minister said Turkey was studying proposals from the Soviet Union to build the 40-seater Soviet civilian Yak transport aircraft in Turkey. In December Turkey signed an agreement with General Dynamics of the U.S. to manufacture 160 F-16 fighters.

Turkey is believed to have had only partial success in getting the Soviet Trade authorities to accept the Ozal Government's new system for trade with the Eastern bloc. This gives 13 companies already doing more than \$50m worth of business abroad the sole right to handle trade with the East bloc. Moscow has objected to the scheme on the grounds that it would cut out many traditional importers of their goods in Istanbul.

Italian textile producers pessimistic on prospects

BY ALAN FRIEDMAN IN MILAN

THE ITALIAN textiles industry strategy and the need for improved trade agreements. According to the report on the Italian textiles market, exports to the EEC accounted for L6,000bn (\$2.5bn) out of total Italian textiles exports of L9,400bn in the first nine months of 1983. West Germany was Italy's most important export market, taking L2,500bn of textiles. France was second with L1,670bn and Britain was down the scale with textile purchases from Italy of L750m.

AP-DJ adds from Washington: The U.S. Commerce Department has terminated an anti-dumping act investigation involving lightweight polyester fabrics from Japan after the Japanese Government agreed to limit such shipments to 150m square yards a year.

U.S. steel imports up 2.4%

NEW YORK—The U.S. imported 17m tons of steel in 1983, 2.4 per cent more than the previous year, the American Institute for Imported Steel reported. Imports captured about one-fifth of the domestic market.

Shipments for all of 1983 from the European Community declined 26.5 per cent to 4.1 tons, due largely to restraints negotiated between the U.S. and the EEC. Japan similarly

reduced its shipments to the U.S. by 18.3 per cent to 4.2m tons. Other countries shipped 51.1 per cent of 1983 steel imports, or 8.7m tons, up 48.3 per cent from 5.9m tons in 1982.

December shipments from Europe, however, increased 5.5 per cent to 778,000 tons, and Japan's shipments rose 1.7 per cent to 482,000 tons. AP

SHIPPING REPORT

Seaborne trade in coal set for record

BY ANDREW FISHER, SHIPPING CORRESPONDENT

WORLD SEABORNE trade in coal in 1984 is likely to be a record 208.5m tonnes against 185m tonnes last year, but this will not be enough to absorb extra coal supply capacity coming on stream from Canada, Australia, and South Africa.

This is the view of Simpson Spence and Young Shipbrokers of London, who also referred in their special coal market report to the problem of existing over-capacity. "Should we

see an accelerated economic recovery then we may be getting nearer to equilibrium in 1985, even if still short of it."

The company estimated that there would be between 40m and 60m tonnes of surplus export coal capacity in 1984 "and so this year will bring very little comfort to coal companies."

Exacerbating the problem was the strong return of Poland to the export market, plus the starting up of new mines in Queensland, Australia; British Columbia, Canada; and South Africa.

The 1983 seaborne coal trade figure of 195m tonnes compared with 201m the year before. Australia, South Africa, Poland and Canada all increased their share of the market, while the U.S. share, dropped by 24m tonnes from the 1982 level.

Australia became the biggest coal exporter with 58.4m tonnes (51m in 1982), overtaking the U.S. with 55m (79m) and ahead of South Africa with 30.2m (27.5m).

For 1984, Simpson Spence forecast U.S. coal exports of 56m tonnes, Australian exports of 62m, with South Africa expected to ship 34.5m. Canada and Poland should jointly account for nearly 40m, and the UK for 7m tonnes.

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Fact 2

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Fact 7

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January 1984

UK NEWS

Union leaders meet to decide strategy on Cheltenham ban

BY DAVID GOODHART, LABOUR STAFF

TRADE UNION leaders are not expected to press for immediate action against the Government after last week's ban on union membership at its secret monitoring base, the Communications Headquarters (GCHQ) in Cheltenham, West England.

The Trade Union Congress (TUC) inner cabinet, the finance and general purposes committee, will today meet to discuss the issue. But it is not expected to call for immediate withdrawal from talks with the Government.

Mr Len Murray, TUC general secretary, said yesterday the unions would try to persuade the Government to withdraw its ban on union membership before considering industrial action.

Speaking on London Weekend Television, he said: "Even Mrs Thatcher can change her mind when she is patently wrong. If you can't change their mind, then you consider how you can put pressure on them in terms of non-co-operation or even beyond that."

The Civil Service union leaders are meeting at the Council of Civil Service Unions tomorrow to discuss proposals for a one-day national strike by all unionised civil servants.

But even a one-day strike may be

overruled for fear of alienating the 4,000 out of the 7,000 Cheltenham staff who are in unions. The union leaders are meeting Mrs Thatcher on Wednesday.

Mr John Sheldon, general secretary of the Civil Service Union, commenting on reports that 500 people at Cheltenham have already signed the non-union declaration, said: "It's something of a success if the number who have signed up for £1,000 is that small." The Government has offered that amount as compensation for leaving a union.

The all-party House of Commons select committee on Employment is to question Sir Geoffrey Howe, the Foreign Secretary, or Mr Tom King, the Employment Secretary, about the decision to ban union membership at GCHQ.

The Government is to be asked for either minister to come before the committee on Wednesday next week to explain the reasons behind the decision.

Mr Murray and officials of the unions involved in the dispute will also be asked to give evidence before the committee on Wednesday.

Shortly before this session, the union leaders will have met Mrs Thatcher to protest at the ban.

It was made clear yesterday that the Prime Minister is still determined there can be no concessions

APPROVAL SOUGHT FOR LABOUR RESEARCH

Jobs programme faces test

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE JOINT attempt by the Government and unions to identify where new jobs are to come from and to agree on measures to create them faces its first test on Wednesday.

The National Economic Development Council (NEDC) will be asked to approve a programme of work for next year and beyond, which is aimed at gradually leading the three parties deeper into those regions of the employment scene - so far unexplored under the present Government - as macro-economic policy, wages and working practices.

The programme has been agreed

by the Group of Four which handles major questions outside the council forum. These are Sir Peter Middleton, the Treasury's permanent secretary; Sir Terence Beckett, the director-general of the Confederation of British Industry; Mr Len Murray, general secretary of the Trades Union Congress (TUC) and Mr John Cassels, the director-general of the NEDC.

It will suggest a modest beginning, concentrating on analytical work laying the ground for the exercise. This will include comparative studies of other countries' labour markets, bringing out demographic trends, hours of work, and

flexibility, as well as industrial structure and labour costs.

This analysis would also include detailed consideration of the UK including the major manufacturing, services, energy and the new "information" sector.

The second phase of the exercise in the latter part of the year is likely to focus more strongly on barriers to employment growth, and to raise the more contentious issues.

The council will aim to "sum up" the exercise by the end of the year, in order to clear the way for the final - and trickiest - phase, producing agreed recommendations.

Minister hopeful on employment

BY JOHN HUNT

A REAL prospect of higher employment in 1984 was foreseen yesterday by Mr Tom King, the Employment Secretary. But much, he said, would depend on wage restraint.

Mr John Biffen, the Leader of the House of Commons, hinted however that the level of unemployment could remain historically high for some time.

Mr King said there were 30,000 more people in employment in the third quarter of last year compared with previous months - the first increase for four years.

Until now, most job growth had been in the service sector. But the

October and November figures showed that in manufacturing industry, employment was up by 18,000.

This year's prospects were good but they depended on the country's efforts. Output, retail sales, manufacturing productivity and real earnings were all up.

Mr Biffen said Britain was emerging from the recession but employment had not risen with the recovery in output. Rapid changes in industrial and commercial practice and the age and size of the working population were having a profound effect upon the relation-

ship between output and employment.

He said: "Those changes will find a new and more stable pattern only after a time lag of uncertain duration." But it was clear that the Prime Minister and her economic advisers were wise in resisting calls to spend and borrow their way to full employment.

The latest unemployment figures, due out later this week, are expected to show a sharp rise in the number of people out of work in January.

The total of unemployed is likely to rise by about 95,000.

Talks may start in Times dispute

By Our Labour Staff

THE TIMES newspaper did not appear again today for the fourth day in succession. But there is some hope of a breakthrough in its labour dispute after the intervention of the Government's conciliation service, Acas over the weekend.

The general print union Sogat '82, some of whose members at Times Newspapers went on strike two weeks ago over the reallocation of duties in the picture library, agreed to talks at Acas. The Times management will decide today.

The union declared the strike official on Friday after the management dismissed 750 employees for not working normally. The Sunday Times failed to be published yesterday.

Mr Arthur Brittsenden, a spokesman for the company, said yesterday that both newspapers were in jeopardy as a result of the dispute.

Since Mr Rupert Murdoch's News International took over Times Newspapers in 1981, losses have fallen from £23.5m to £8.5m in the last financial year. The papers were expected - before the dispute began - to break even this year.

Cammell Laird delays endanger £125m order

BY DOMINIC LAWSON

CAMMELL LAIRD, the Birkenhead shipbuilder, is running three to five months late on a rig contract for British Gas for a North Sea production platform for Sun Oil.

Delays on the British Gas contract have increased Sun Oil's anxiety about placing an order with a British shipbuilder's yard when the state-owned corporation is trying to push through major changes in its industrial relations policy.

Gotaverken Arendal of Gothenburg is now emerging as a strong candidate to build the Sun Oil floating production platform for the Balmoral oil field - although Energy Minister Mr Alick Buchanan-Smith wants the construction contract to go to a British yard.

Cammell Laird had been considered front runner for the contract for Sun Oil of the U.S. because it tendered at least £25m below its early main rival Howard Doris, a London-based company.

The platform was to have been designed by Gotaverken. It is possible, however, that Gotaverken will do the initial fabrication in Sweden and then subcontract the less sophisticated assembly to a mixture of UK yards.

Sun Oil has specified a tight production schedule for the fabrication of its floating production platform. It wants to tow the vessel to the Balmoral field in autumn 1986, with production to start the next year.

The disclosure that Cammell Laird is running behind in work on a jack-up accommodation vessel for British Gas for the Morecambe field is therefore embarrassing. The £20m contract is the first offshore order placed with Cammell Laird by British Gas and was scheduled for delivery this month.

Mr Alistair Lamble, managing director of Cammell Laird, said he did not think Cammell Laird could be described as the front runner for the Balmoral contract, but he said the yard's survival depended on getting the contract.

This potential crisis for Cammell Laird follows the threatened closure of Scott Lithgow after Britoil cancelled an £88m rig contract.

Sun Oil is entitled to place contracts for the Balmoral project with the companies of its choice, but it is understood that the development calls for 70 per cent British content over the value of the contract as a whole.

Union drops strike call at Ford plant

BY DAVID GOODHART, LABOUR STAFF

UNION LEADERS representing Ford's 58,000 workers have decided to suspend the national strike called for February 13 over the planned closure of the Dagenham foundry with the loss of 2,000 jobs.

But the new move - which followed Ford's decision to meet union leaders on February 23 - does not rule out strike action at a later date. Union officials are asking for a mandate to determine what action to take after the discussions with the company.

They received that mandate from a large majority of the 7,000 workers attending yesterday's mass meeting of the 19,000 workforce at the Dagenham estate. Other plants around the country - due to vote this week - are also expected to back the new position.

Ford has made it clear that the closure of the foundry, which it says has lost £30m since 1978, is not negotiable so there is a strong chance that strike action will be

threatened again.

To win support for such action union leaders will have to persuade the members of their belief that the closure of the foundry is the first step to turning Ford of Britain into an assembly-only operation.

The company has warned that a national dispute would adversely affect the money available to fund voluntary redundancy terms for foundry workers.

After yesterday's meeting in Dagenham which voted by a margin of three to one to support the officials, Mr Ron Todd - chief union negotiator at Ford's - said: "We now have a mandate from Dagenham to determine the action to be taken after the discussions with the company. At those discussions the foundry issue will be top of the agenda."

Dates for the meetings at the other Ford plants will be arranged by local convenors - the important Halewood plant is expected to meet next weekend.

Economist unit embarks on specialisation plan

BY KENNETH GOODING

THE ECONOMIST Intelligence Unit is to give up its general market research and economic consultancy services and concentrate all its consultancy operations into EIU Informatics, which specialises in information technology, office automation and communications.

The decision has already resulted in five redundancies and a further 20 jobs are expected to go soon. The EIU employs a staff of about 150.

EIU publications will become part of a new entity called Economist Publishing and Data Services which will also embrace the unit's International Economic Appraisal Service.

Mr David Gordon, chairman of the EIU and managing director of the Economist, the parent company, said yesterday: "We regard this as a very positive step for the future. We have examined our own business in the way we look at other people's and have concluded general market research profit margins are not wide enough to pay for quality staff and a dividend for shareholders. We need to specialise to be

profitable. Informatics is a very strong and very fast-growing outfit. We intend it to become a world leader in its specialist area."

The EIU was set up as an autonomous organisation by the Economist 37 years ago. Recently, its traditional operations have diminished to the point where they contribute only roughly one quarter of annual turnover - which totals £4.5m - while publications account for about 50 per cent and Informatics the rest.

Mr Graham Bannock, brought in nearly three years ago as the EIU's managing director and who, with Mr Gordon, conceived the reorganisation of the unit, will, as a result, give up his executive office. However, he will remain with the Economist group as an adviser.

Mr Gordon said it was hoped that some of the consultants would be encouraged to buy out the profitable EIU general research contracts. If this happened the resulting organisation would be called Business Research Unit.

UK electricity price 'disadvantage' stays

BY MAURICE SAMUELSON

ELECTRICITY costs for industry in England and Wales, which are claimed to be historically higher than on the European continent, showed no change in their relative position in the last half of 1983.

This emerges from a comparison of EEC industrial electricity price movements published by the Electricity Council.

Although most UK industrial users pay prices in line with those in most European countries, the highly energy intensive industries, such as paper, chemicals, textiles and glass, have long complained that they pay much higher prices.

In Belgium, France, Italy and the Netherlands, small local currency price rises in the last two quarters of 1983 were generally higher than price rises in England and Wales. Any competitive benefit for British users was cancelled out by the strengthening of sterling against European Monetary System currencies.

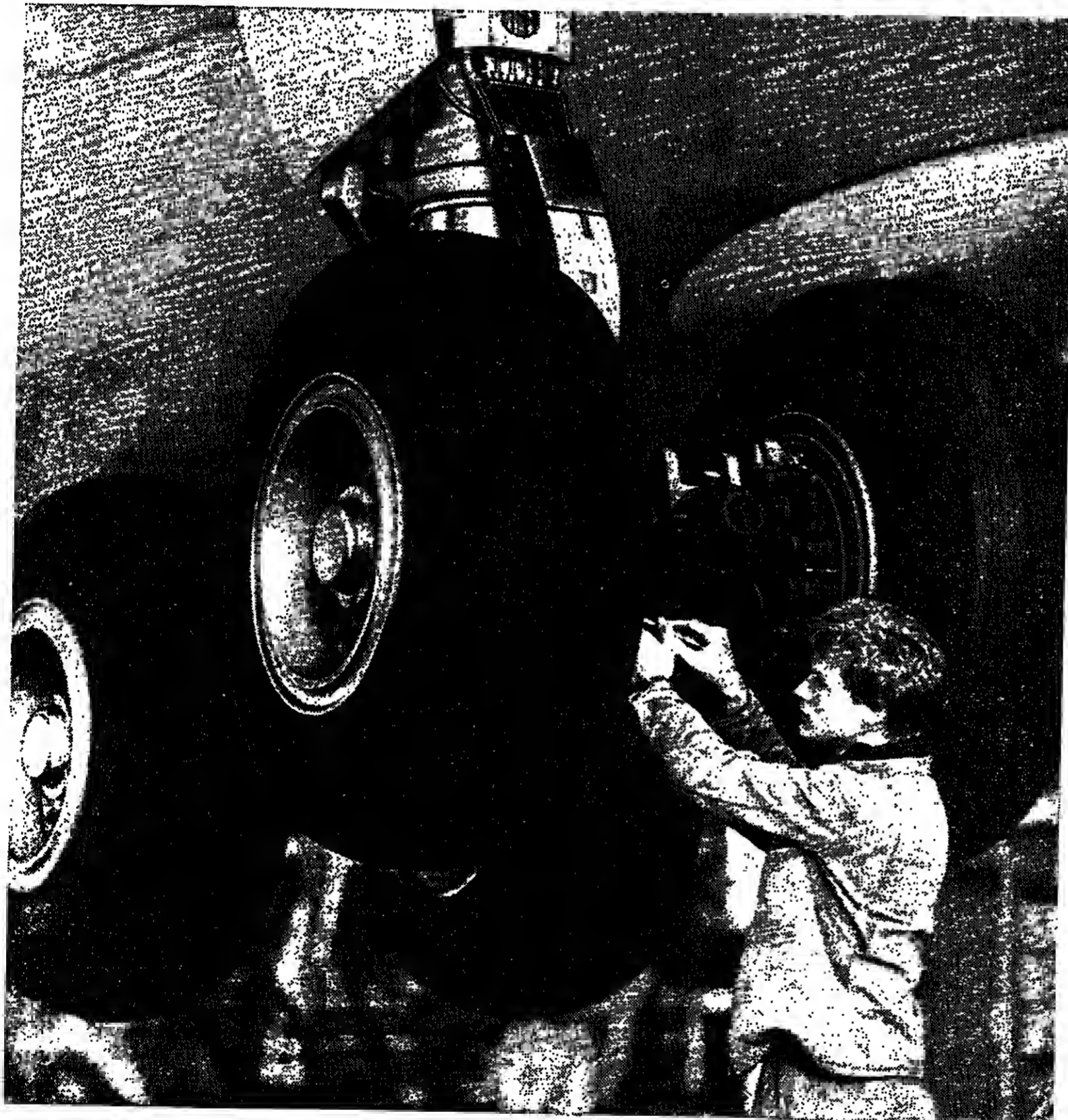
The Confederation of British Industry (CBI), the employers' organisation, says that the major energy intensive industries in the UK are at a 10 to 15 per cent tariff disadvantage compared with their EEC counterparts. The CBI says this is compounded by the superior contracts available to European bulk users of power.

In France, where the proportion of electricity produced by nuclear power stations has just risen to 50 per cent, charges for intensive users are estimated to be some 20 per cent cheaper than in Britain.

The Energy Intensive Users Group, representing seven industries, said that "substantial disadvantages" in their electricity costs were a threat to production, exports and employment.

They also complained that heavy fuel oil prices before tax were higher than in most other EEC countries.

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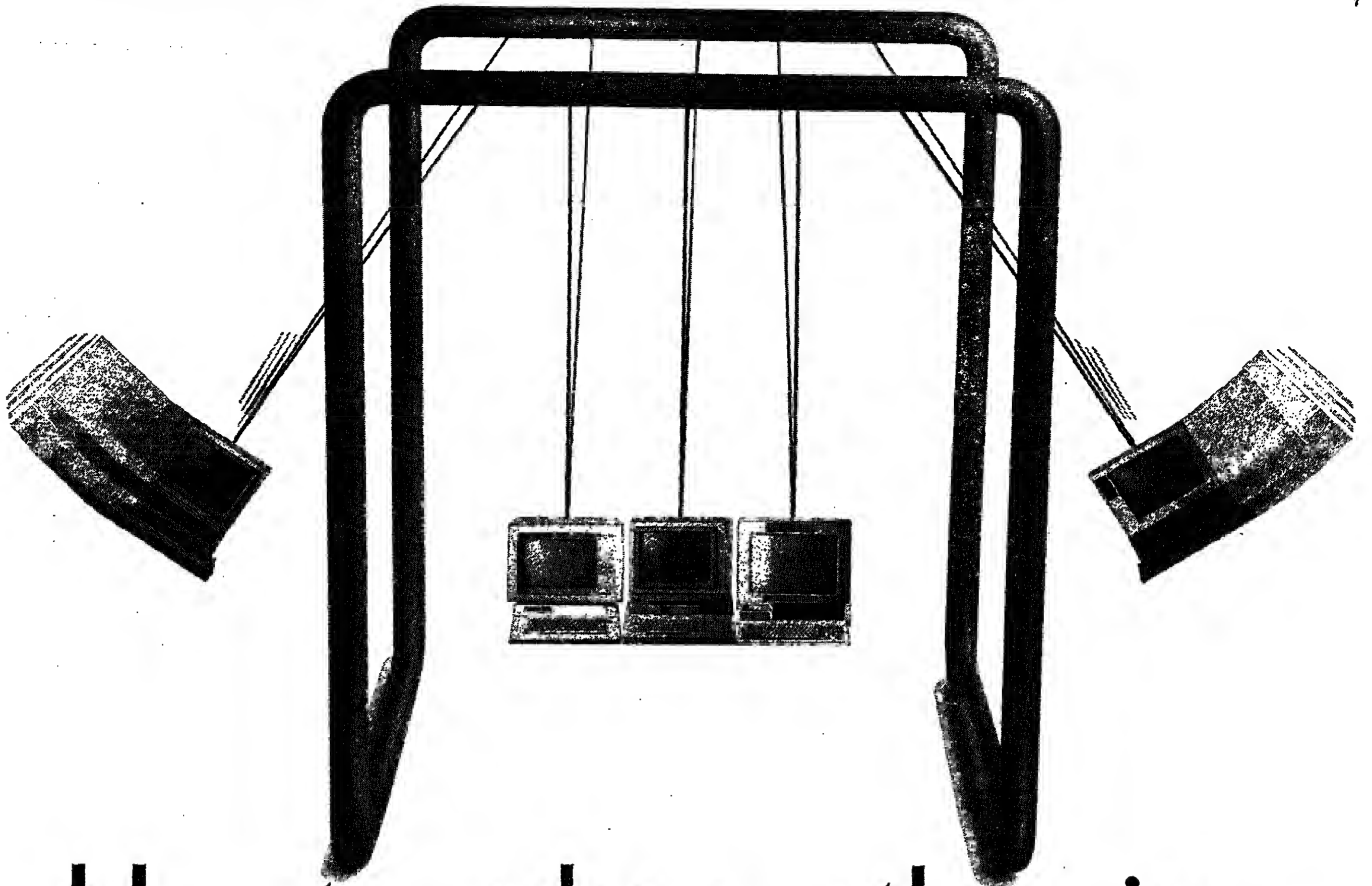
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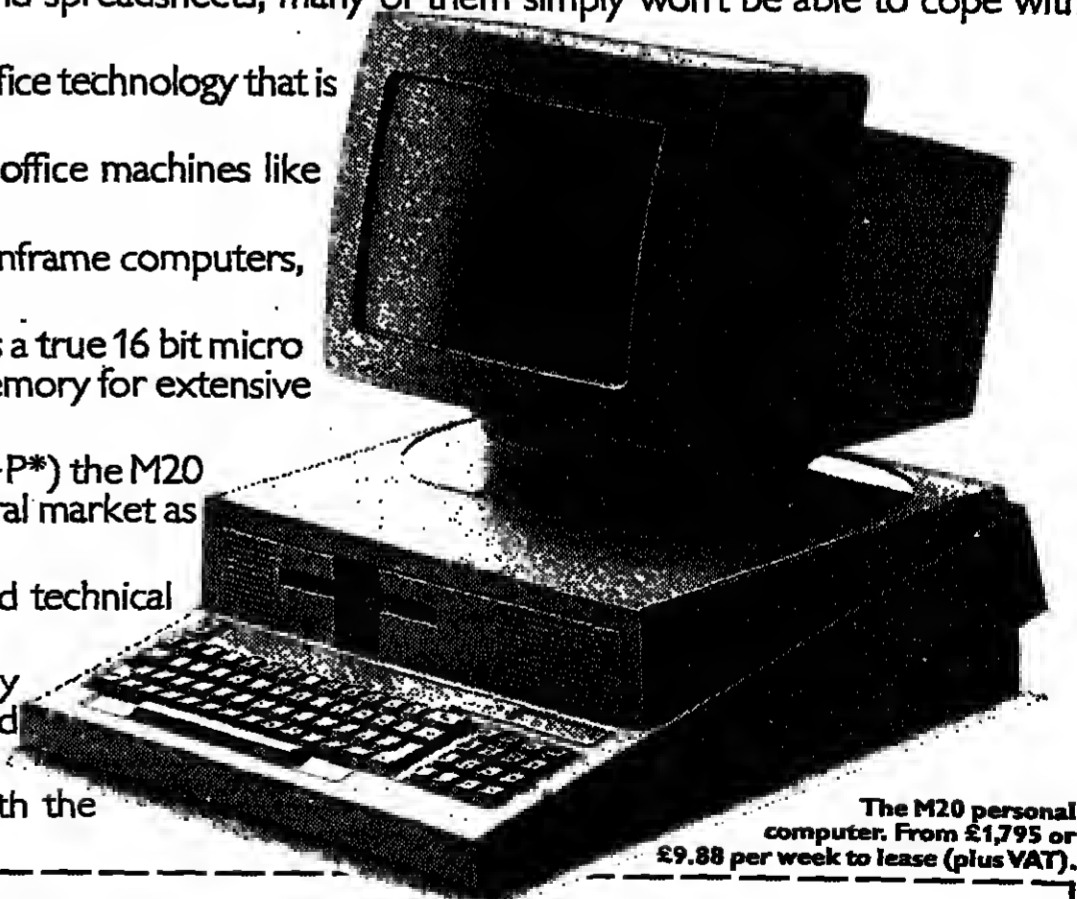
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UK NEWS

GROWING OPPOSITION TO REVERSE TAKEOVER BY SUBSIDIARY

Barclays faces merger scrutiny

BY BRIAN GROOM AND JOHN HUNT

OPPONENTS of Barclays Bank's planned merger with its overseas arm, Barclays Bank International, intend to expose the proposal to public controversy during its passage through Parliament.

That starts tomorrow, when a private Bill introduced by Barclays in effect the merger receives its first reading in the House of Commons. The bank is bracing itself for a rough passage, but is hopeful that it will go through in time for the merger to proceed on January 1 1985.

Barclays argues that the merger will blend the knowledge and experience of domestic and international bankers, improve co-ordination of administrative and accounting systems, and save duty on capital transfers within the group.

The Bill will be opposed from three quarters: left-wing MPs who will take the opportunity to attack Barclays' involvement in South Africa; the Banking, Insurance and Finance Union (Bif); and from a Cheshire accountant who is petitioning Parliament against the Bill. Labour left-wingers, who have always been angered by Barclays' involvement in South Africa, can hold up the Bill for a long time by opposition during its committee stage.

Normally, private Bills go through swiftly without any trouble, but once opposition to them develops they can get bogged down for months in acrimonious debate.

It is, however, doubtful whether the left-wingers would receive enough support from Tories to defeat the measure.

As a result of the publicity given to the Bill, Labour trade and finance spokesmen will be looking into the matter today. If they decide the party should officially oppose it, that would make life even more difficult for Barclays.

Bif has submitted a petition listing three objections to Barclays' proposals; the lack of a guarantee of no redundancies; fear that the superior pay and conditions of Bif staff will be "harmonised down" to those at the UK bank; and concern that the union will lose its sole negotiating rights in BBI, because in the UK bank, Barclays recognises an independent staff union as well as Bif.

Barclays said it could not give a

guarantee of no redundancies for all time, but it did not foresee any arising from the merger. Negotiations on terms and conditions for staff are continuing.

Bif has lined up both Conservative and Labour MPs to put its case. It hopes a lengthy committee stage might delay implementation of the merger and give it more time to negotiate, but Barclays' advisers feel this is unlikely.

The third objector, Mr John Butcher, a former Conservative parliamentary candidate, fears that the cost of his £25,000 Barclays home mortgage could go up to finance Third World countries who fail to pay their debts.

His petition claims that BBI has made large loans to foreign governments incapable of repaying them, that it accounts do not contain adequate provision for bad and doubtful debts, and that the UK bank's customers would pay more for mortgages if sums had to be written off.

Barclays argues that it is not overexposed in overseas lending, and that the Bill will change not-

ing because the group's total capital and reserves have always been available to meet liabilities.

Mr Butcher's fears arise from the fact that the merger is a "reverse takeover" with the subsidiary, BBI, taking over the parent, Barclays. The bank says that to merge BBI into Barclays would require Acts of Parliament in many of the 84 countries in which it operates.

Mr Butcher says that his local Conservative MP, Mr Neil Hamilton, has agreed to oppose the Bill.

Meanwhile, Barclays has announced details of a forthcoming rights issue for its South African subsidiary, BBI will not be taking up its rights, and its South African holding will, therefore, be reduced from 65 per cent to 50.4 per cent.

The issue, on the basis of 9 for 100 at R17 (29.57) per share, is to raise R61.4m. As announced last month, Barclays National (South Africa) is paying R135m for a 30 per cent stake in South Africa's third largest insurance company, Southern Life Association. The issue is intended partly to finance the acquisition.

Associated Newspapers Holdings p.l.c.

The Annual General Meeting for 1984 of Associated Newspapers Holdings p.l.c. will be held on Monday, 20th February, 1984, at 10.30 a.m. in The Stock Room, Stationers' Hall, Stationers' Hall Court, Ludgate Hill, London E.C.4.

Consolidated Statement of Earnings

	Year ended 30th September, 1983 £000's	Year ended 30th September, 1982 £000's
Turnover	295,370	262,090
Earnings from Trading	40,837	5,483
Share of Earnings of Related Companies	2,677	2,721
Income from other Fixed Assets Investments	2,958	3,812
Net Interest Receivable/(Payable)	723	(468)
Amounts written off Investments	(734)	(78)
Profit before Taxation	46,461	11,470
Taxation	(13,005)	(4,194)
Profit after Taxation	13,456	7,279
Interests of Minority Shareholders	42	14
Extraordinary Items	1,336	1,796
Profit of Group for the Financial Year	14,804	9,089
Dividends	(3,648)	(3,161)
Transfer to Reserves	11,156	5,928
Earnings per share before extraordinary items	44.3p	24.0p

Chairman's Statement to be presented to the Annual General Meeting.

The Group earnings before taxation for the year to 30th September 1983 of £16.5 million are £4.9 million higher than those reported last year. These results reflect improved overall trading and have been achieved despite the intense competition continuing between national newspapers.

DAILY MAIL

During the year the Daily Mail increased its share of the "middle market". Advertising revenue grew consequently, the opportunity being fully utilised by the advertising department.

At the end of the year promotional costs were inflated by the resurgence of the "biggo" wars.

THE MAIL ON SUNDAY

The successful development of The Mail on Sunday has continued apace since its launch in October 1982. By September this year the circulation had more than doubled to 1,500,000. The newspaper has rapidly developed into one of the strongest presences in the Sunday field and is beginning to dominate its market as does its sister the Daily Mail.

YOU Magazine, first published with The Mail on Sunday in October 1982, established itself as the best performing high profile, general magazine in Britain, its 3,825,000 readership of which 58% are ABC and 64% under 45 provide the Group with a major publication in the magazine market.

PROVINCIAL NEWSPAPERS

Encouragingly increased sales volumes and profit margins improved results from Northern Newspapers, the provincial group.

Against the general trend in provincial newspaper publishing, a number of our titles, daily and weekly, achieved circulation growth over the year and the audited sales increases of both the Gloucester Citizen and the Western Morning News gained National Industry Awards.

The evolution of local free newspapers presents both challenges and opportunities for our provincial newspaper activities. In a number of centres our companies have launched this type of newspaper within the past year and this policy will continue for the purpose of developing new market opportunities and defending the successful conventional titles.

The modernisation programme of plant and equipment mentioned in last year's report continues. The re-building and re-equipping of facilities for the Luton (Letches) Echo is an advance. Planning has reached an advanced stage and contracts placed for a new building and plant for the Evening Sentinel, our newspaper serving the Paternities.

MAGAZINES

Eurocom Publications has had another most successful year during which it was honoured with the Queen's Award for Export Achievement. Eurocom magazine, itself, has gone from strength to strength. The Eurocom Currency Report, the Eurocom Simulation Guide and the International Financial Law Review are all well established, and profitable in their respective markets. Recently the Eurocom Trade Finance Report was successfully launched and this year will see the launch of further new publications.

Some of our other magazines were unsuccessful in retaining their readership and results are disappointing. Steps have been taken to re-evaluate opportunities and to improve potential profitability.

NORTH SEA OIL

Production from the Argill and Duncan fields, in which your Group's interest is 12%, decreased by 25% compared with the previous year to a total of 5,509,000 barrels and, this was reflected in sales income of £13,120,000, down by 24%.

Earnings reflected these lower production levels and were down by 20% of £4,800,000.

A total of eight exploratory appraisal, development and production wells were completed and, at the year end, a further three wells were being drilled.

On the nearby Duncan Field, three appraisal wells were drilled. Concurrently with detailed feasibility studies commenced during 1982, the results of this drilling confirmed that the limited Duncan reserves can be economically recovered. The Group's share of the current estimate of remaining recoverable reserves from existing wells on the Argill and Duncan fields amounts to 4,517,000 barrels and 19,033,000 barrels respectively. Of two further wells drilled some 3 kilometres north of the Argill Field, the first encountered an accumulation of light oil. The second well drilled to appraise this discovery was unsuccessful.

Three gas accumulations on Blocks 43/13a, 43/16a and 43/15a - 43/20a, now designated as the Edmond, Forbes and Gordon Fields, have been the subject of detailed evaluation with the result that it has now been established to the satisfaction of the license holders in these fields that the reserves can be economically recovered. A production programme is now in hand.

The Group's share of the gas has been sold under a long term Sales Agreement to The British Gas Corporation with the first deliveries scheduled for 1985. A project finance facility is being negotiated which will be sufficient to cover these commitments.

On blocks 9/10a (Bruce) and 9/10b detailed studies have been in hand for the purpose of ascertaining the magnitude of the reserves and the likelihood of commercial recovery being pursued in due course. These studies will continue as further appraisal drilling is undertaken.

Your Group holds interests in a portfolio of highly prospective acreage and since participation in the discovery and development of new fields requires significant funds various methods of providing finance are under review. In line with the escalation of this work staffing is being increased by recruitment of personnel with suitable technical ability.

Your Group intends to continue to expand and where appropriate adjust its involvement in these activities both offshore and onshore, as and when suitable opportunities arise.

DIVERSIFIED INTERESTS

Property To realise the full value of the site of Tisbury Walks which has become surplus to trading requirements redevelopment has commenced and by Autumn 1984 a new 27,000 sq ft office block should be completed.

Our property development trading company experienced stock trading conditions which caused progress to fall behind a planned schedule for completion. Currently it is involved in two major office developments in West London.

Building and Related Industries The turnover and earnings of your group of companies engaged in building contracting and repairing, light fitting, manufacturing, and the glass industry increased. Extremely competitive trading conditions continued and these results were only achieved in the face of fierce competition and general scarcity of new business.

Theatres

The theatre companies again had a difficult trading year, in common with the rest of the theatre industry, and competition between commercial theatres and those receiving subsidies continues to be unduly biased by financial privileges awarded to the latter.

Some considerable interest has been attracted by utilising theatre facilities for a new cultural-cum-dining concept in entertainment. Towards the end of the accounting year a noticeable increase in audience support became apparent and is a basis for cautious optimism.

Exhibitions

The Daily Mail Ideal Home Exhibition in March 1983 was a success. More visitors came than in the previous year due partly to the exhibition remaining open for the first time on Saturdays and through Bank Holidays.

The Caravan Camping Holiday Show and other interests connected with exhibitions have been expanded and further efforts are being made to broaden their appeal.

Wharfedale and Storage

In difficult trading conditions, earnings from our wharfedale operations were only slightly lower than last year partly due to the introduction of new handling methods and equipment which have improved productivity and reduced operating costs.

Competition in the handling of paper and paper products has intensified as new facilities have become available elsewhere in the country. The increase of home produced newsprint capacity will, within the next two years, reduce the requirement for the import of foreign newsprint by 25% or more. These developments stress the continuing importance of expanding our bases of operation, reducing costs and continuing the campaign for even-handed treatment of ports owned by commercial companies and those designated as statutory port undertakings, particularly but not exclusively, in the matter of local rates which are some 5% of total revenue.

Transport Group

Mechanical problems with the new FV4R lorries caused our fleet replacement plan to be suspended for part of the year, thereby causing higher costs to be incurred and indirectly reducing earnings from that source. Specialised tool repair work and fuel sales continued to be subject to intense competition. Overall results remained at a level similar to last year and in the current circumstances that can be regarded as a professionally achievement.

Substantial losses continued to be incurred by the transport businesses and a major re-organisation involving a merger of all these operations will effect a significant reduction in overheads. Improved results are reported by our engineering division which is associated with these concerns.

Furniture

In a year when the demand for reproduction furniture in export markets was on a reduced scale, sales volumes were sufficient to maintain full time production at our manufacturing units. The re-equipped and re-organised Ashford factory is now producing at planned productivity levels. At the Worcester factory the integration of an oak range of furniture with the established mahogany range was successfully completed.

Market Research

The companies supplying market research services had a successful year and recorded satisfactory increases in both turnover and profit. A number of new services have been

started in recent years which required considerable investment. These are now operating profitably and offer good prospects for the future.

The Retail Auditing companies also produced good trading profits but had to bear the cost of moving their operations to South Wales. In September, 1983 your Group disposed of 70% of the shares in these companies, retaining a 20% interest.

INVESTMENTS

Independent Local Radio

The performance of Independent Local Radio companies, in which your Group has small minority interests, generally showed some improvement in the latter part of the financial year. Independent Radio Sales, the radio advertising sales company in which the Group has a 50% interest, is now trading satisfactorily.

Television and Video

Limahouse Productions, in which your Group has a 17% interest, has completed the construction of television studios in the London Docklands Development Area providing a flexible production facility designed to meet the requirements of television and video film producers.

Greenwich Cable Communications, in which your Group has a 10% interest, has recently been awarded permission to operate an expanded cable service.

Revenues

The Group's direct and indirect interests in Reuters amount in total to approximately 11.5%. The complexity of arrangements under consideration to ensure that the integrity of Reuters as an unbiased news service be preserved, and that there be an equitable division of shareholders' interests, precludes at the time an assessment of the value to be placed on this investment prior to a market notation. Negotiations are proceeding to resolve outstanding issues.

British

The Group has an interest of 23.8% in the British Evening Post and 25.1% in the British United Press. These companies' results after tax and extraordinary items for the year to 31st March 1983 amounted respectively to £871,000, a decrease of £177,000 over the previous year, and £570,000, a decrease of £216,000 over the previous year. Results of The British Evening Post before tax for the full year to 30th September 1983 reported an 11% reduction compared with the same period last year.

The Standard

The Standard, London's evening newspaper in which your Group has a 50% interest, reports that sales and advertising volumes have been broadly maintained.

Earnings were marginally improved but continued to be disappointing.

The 13-30 Group, Inc.—USA

The 13-30 Group, Inc. publishes a series of magazines and provides other advertising facilities. The Company's 40.7% interest of 30th September 1983 has since been increased to 62% of a cost of US \$6,025,000, under a long term agreement made in 1982. A ninth successive year of growth has been recorded with earnings from trading activities of US \$1,000,000, a decrease of US \$1,000,000 over the previous year. This year celebrated its 50th anniversary with an increase in its revenues of 61%. Enquire remains one of the fastest growing major magazines, in terms of advertising, in America.

Consolidated-Bathurst Inc.—Canada

The Group holds an interest of 16.72% in Consolidated-Bathurst Inc., a major forest products and packaging group. The market value of this investment of 30th September 1983 was Cdn \$95.3 million. During the year the continuing opportunity was taken to receive dividends in the form of common stock in lieu of cash, with the result that the Group's percentage of the total shares in issue increased by just under 1.0%. Earnings are reported quarterly and for the four quarters ended 30th September 1983 were Cdn \$34.4 million, compared with Cdn \$82.8 million for the previous four quarters. Dividends per share paid during the year were Cdn \$1.00 (1982 Cdn \$2.10).

PENSION FUNDS

Triennial actuarial valuations of the Funds, as of 31st March 1983, have been completed and the Funds were found to be in surplus of that date to which investment performances had made a significant contribution. The Trustees are thereby enabled within the Trust Deeds and Rules to consider in the interests of all members the degree to which some adjustment to benefits can be made.

STAFF

On your behalf I wish to thank the staff for their achievements in a most difficult year and for their loyalty and hard work which are indispensable to the Group's progress.

OUTLOOK

The current economic climate and your Group's performance in its various fields justifies moderate optimism.

The continuing significant investment required both to retain and provide a future for our national newspapers needs a careful allocation of resources.

ROTHERMERE

Tories to act over report on extremism

By John Hunt

MR John Selwyn Gummer, the Conservative Party chairman, has rejected suggestions from the Young Conservatives that a permanent body should be set up to prevent infiltration into the party by right-wing extremists.

The Conservative Party is not threatened by significant infiltration and we will see that it never is," he said.

He has, however, accepted the thrust of the recommendations in a strongly worded report drawn up by a committee of Young Conservatives.

Conservative Central Office is writing to local constituency parties reminding them of the importance of seeing that local government candidates in the local elections in May should represent the party and not have continuing connections with other parties.

The report from the Young Conservatives comes as a considerable embarrassment to the Conservative leadership. It will no doubt be made much of by the Labour Party, particularly in fighting the forthcoming Chesterfield by-election.

The committee was concerned at the activities of various co-ordinating groups which liaise between right-wing organisations and some Tory MPs. It also expresses concern at the political complexion of the Monday Club and the Young Monday Club.

"There are links between organisations and individuals that can best be described as a ribbon development of racism within and outside the party," it states.

"There is clear evidence of links between extreme elements of fringe ultra-nationalist/neo-fascist organisations and some members of the Conservative party and members of extreme fringe parties and organisations."

It says that one group called Wise and another called Tory Action enjoy parliamentary support in the party. The Focus Policy Group, it says, has been trying to purchase mailing lists of Tory activists. The Monday Club, while not as extreme as it was, "remains an important channel for racist sentiments."

Severn Bridge repairs demanded

By Robin Reeves, Welsh Correspondent

DEMANDS FOR immediate action to repair and strengthen the Severn Bridge in the west of England, and the commissioning of a feasibility study for a second Severn crossing, are to be put to Mr Nicholas Ridley, the Transport Secretary, in London today.

A delegation of Welsh industrialists, trade union leaders and local government representatives is to see the minister to voice concern over the bridge's condition and the damage this may cause to the local economy, which relies on this link with England.

Traffic restrictions, pending major repairs, and questions about the bridge's safety in extreme conditions have already resulted in jobs and investment being lost to the region, according to Mr Ian Kelsall, director of the Confederation of British Industry in Wales.

Mr Ridley will be pressed to act on the recommendations of consultant engineers, Flint and Neill. These call for £33m to be spent on strengthening and repairing the bridge, which opened in 1966 at a cost of £2m. But the delegation also wants an immediate £1m feasibility study on a second Severn crossing

This announcement appears as a matter of record only.

20 January 1984



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مركز الصحافة

UK NEWS

David Churchill looks at a decade of business scrutiny

Milestone for fair trading policy

SIR GORDON BORRIE, director general of fair trading, will tomorrow celebrate the first 10 years of the Office of Fair Trading (OFT) with a conference attended by leading figures from Government and industry.

Trade Department and was replaced by Mr Cecil Parkinson, the man who had been working for that case for a long time. They had done a lot of work on the issues involved, building up the evidence to show that the restrictions were not only not essential but also not desirable.

competition Act demands guarantees of good behavior from rogue traders; and advises the Trade Secretary on which mergers should be referred to the MMC.

BUSINESSMAN'S DIARY

- UK TRADE FAIRS AND EXHIBITIONS
Current British Toy and Hobby Fair (01-701 7127) (until Feb 1) Earls Court

OVERSEAS TRADE FAIRS

- Current International Confectionery Chocolate and Biscuit Trade Exhibition - INTERSUG (01-439 3964) until Feb 1 Paris

BUSINESS AND MANAGEMENT CONFERENCES

- Jan 11 British-Israel Chamber of Commerce: Engineering for the future: Israel's contribution (01-486 2371) Wembley Conference Centre

Mercedes-Benz UK pays first dividend

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT
Daimler-Benz's British subsidiary paid its West German parent a first-ever dividend of £2.1m during its tenth year in operation.

Building pleas rejected

By Joan Gray, Construction Correspondent
THE CONSTRUCTION industry's pleas for more money to be spent on capital projects have been rejected by the Government.

UK regional aid highest in Scotland

By Anthony Moreton, Regional Affairs Editor
SCOTLAND continued to receive the largest share of UK regional assistance in 1982-83 according to figures released in Parliament.

Mercedes-Benz UK pays first dividend

Profits in Britain this year will have to absorb the cost of moving to a £12.75m new headquarters and parts supply centre at Milton Keynes, premises built but never occupied by General Motors.

Building pleas rejected

Mr Hans Tauscher, managing director of Mercedes-Benz (UK), says that when the final figures for 1983 are compiled they will show a further decline in profit, partly due to the strength of the D-Mark compared with sterling early in the year, and partly because of the severity of competition in Britain's heavy truck market.

Building pleas rejected

He insists that the present conditions have gone on far too long. "The hard bargaining in the truck market are putting into jeopardy the existence of effective dealer networks."

SPECULATING ABOUT MAKING A REALLY BIG PROFIT?

THE CONTICAPITAL STORY
ContiCapital is a series of companies that have been formed with the aim of making really big profits by trading in commodity futures contracts, commodity forward contracts and commodity options.

BOND DRAWINGS CONTRACTS AND TENDERS

REDEMPTION NOTICE
The Republic of the Philippines
9% Notes Due 1984
NOTICE IS HEREBY GIVEN, pursuant to the Fiscal Agency Agreement dated as of 16th February 1977 under the above described Notes were issued that Scandinavian Bank Limited, Middle East Branch, Bahrain as Fiscal Agent, confirms that outstanding Notes are due for final redemption on 1st March 1984 totalling BD 620,000 principal amount of said Notes at the redemption price of 100 percent of the principal amount thereof, together with accrued interest to 1st March 1984.

KENT COUNTY COUNCIL
HIGHWAYS & TRANSPORTATION DEPARTMENT
STANDARD APPROVED LIST FOR CIVIL ENGINEERING AND ASSOCIATED WORKS
Firms seeking to be selected to tender for civil engineering and associated works, throughout the County of Kent, from April 1984, should apply for inclusion in one or more categories of the Department's Standard Approved List.

GALEC
1st FRENCH DISTRIBUTION GROUP
SUPPLY RESEARCH
WELL-KNOWN BRANDS OF PERFUME PRODUCTS
Tee Lapiere, Guy Laroche, Pierre Cardin, Lancome, L'Oréal, Azzaro, B. Scherer, Paco Rabanne, Nina Ricci, Valentino, Aramis, Estee Lauder, Jacques Fath...

COMPANY NOTICES
RHONE POULENC
7.50 % 1972/1987
LOAN OF
FF 100,000,000.00
We inform the bondholders that the April 15, 1984 repayment instalment of FF 10,000,000.00, has been made by purchase on the market.

PUBLIC NOTICES
TOWN AND COUNTRY PLANNING ACT 1971
Notice under Section 26(2)
Proposed development at 60 Lombard Street, London, E.C.3. The Notice is made to the Common Council of the City of London.

Wrexham
FOR THE ATTENTION OF DEVELOPERS
Wrexham Maelor Borough Council is proposing to develop a prime site alongside a trunk road with a 3-star quality hotel and conference facilities, together with a theatre and museum complex. The authority would like to hear from organisations interested in providing and/or operating the hotel and conference facilities.

THE MANAGEMENT PAGE

How immodesty becomes a Silicon Valley resident

BY LOUISE KEHOE

"MY GOAL is to have Advanced Micro Devices become the American champion of integrated circuits. I believe that we can grow next year more than we grew in our first 14 years. I believe that we can grow to \$900m."

So proclaimed AMD's chairman, Jerry Sanders, recently at the company's spectacular \$0.5m employee Christmas party.

Sanders, a natural showman, and a legend in California's Silicon Valley, followed up this prophecy with a promise to workers of a week's bonus pay if the company achieved \$400m of sales in the first half of its current financial year, and then topped off the offer with another week's bonus for all if the \$900m figure is reached by March 1985.



Sanders spent \$0.5m on his staff Christmas party

Considered by many to be brash, aggressive and cocky, Sanders—who founded AMD 15 years ago—is never afraid to boast of his own, and AMD's, achievements. Certainly the growth has been rapid, and in the eight years to end 1983, sales rocketed from under \$30m to over \$480m.

But while many acknowledge his ability to spot the right markets—which enabled AMD to survive relatively unscathed in the severely hit semiconductor industry between 1981 and 1983—others cast doubt on whether his targets are safe.

Says one company president of the dangers of accelerating growth: "It can tear the organisation apart. The biggest challenge is controlling the growth."

Gordon Moore, chairman of Intel, recently said he plans to limit his company's revenue growth to 10 per cent this year. "That is as fast as we can grow without losing control," he explained.

Sanders built up AMD on the shirt-tails of other chip makers. In the early days, it operated as a second source for other companies' products, including Intel. Recently, when Intel agreed to second source a telecommunications circuit invented by AMD, Sanders displayed the news with pride. "I'm sure some of you never thought you would see the day when Intel would second source our chips," he remarked.

Sanders attributes his company's success to market positioning. "We are the most marketing sensitive company in the industry," he says. An im-

modest claim, perhaps, but others acknowledge his abilities. "AMD managed to have a relatively strong showing throughout the recession, largely due to its selection of less price-sensitive products and markets," says William Strauss, of Integrated Circuit Engineering, of Scottsdale, Arizona.

Strauss points out that AMD avoided both the pitfalls of the memory chip price decline and the temptations of the volatile consumer electronic market.

AMD is growing at twice the rate of the semiconductor market and in 1983 overtook Fairchild Semiconductor and Signetics to become the fifth largest U.S. semiconductor manufacturer. Having achieved 44 per cent sales growth in 1983, "we expect sales growth in the current year of 50 per cent or more," proclaims Sanders.

"Our pre-tax margins will be greater than 15 per cent," he adds. "We see no reason why we should not exceed our historic high of 17.6 per cent by the end of the financial year (to March 1984)."

Though AMD pursues technology leadership—it will spend \$100m on research and development this year—market considerations come first. When the price of 64K rams (random access memory) collapsed, Sanders announced that AMD would no longer participate in what was then perceived as a "prestige" market. At the time, his decision was widely questioned, but as prices of

64K rams plummeted, the strategy paid off.

The company is now back in the ram market—but only to satisfy its major customers.

One of AMD's cleverest moves has been to hitch its wagon to the success of Intel's microprocessor family. In 1981 the companies signed a ten-year technology pact that gave AMD the right to make Intel-designed microprocessors, including the top selling 8088 chip used in the IBM Personal Computer.

AMD's new products are primarily geared to the computer, communications and industrial markets. Its current technology mix is about 55 per cent bipolar devices—chips, such as fast memory devices, and fast logic used in military and industrial applications—and 45 per cent MOS (metal oxide semiconductor) which are used for microprocessors, standard memories and a broad range of logic chips.

"Despite the planned \$100m expenditure on R and D this year, Sanders acknowledges that "we cannot spend enough to catch up with demand." Another problem is funding engineers to run the new plants it is building.

There are, also, some dark clouds on AMD's horizon. Political unrest in the Philippines, where most of AMD's assembly and test work is performed, is a concern.

And, as AMD is one of the few remaining independent semiconductor companies, there is some speculation about the intentions of Siemens, the giant West German electronics group, which has a 16.3 per cent stake in the company.

For its part, Siemens says it regards its co-operation arrangements with AMD as very successful. It also says that it would be interested in negotiating a continuation of the co-operation agreement which dates from 1977 and runs out in mid-June.

While it has extended its original stake in AMD, Siemens says it has no intention at present of taking up its option to extend this further, although it was, nevertheless, possible.

At AMD, meanwhile, Sanders makes clear his passion for independence. If Siemens, or any outsider, staged a takeover, "I'd be gone in a minute," he says.

OUT FROM the black shadows of a deserted street springs a hulking man. He grabs you round the throat and starts to throttle you. How do you stop him?

Well, since the idea—though hopefully not the incident—is central to everyday management, I'll tell you. Put one foot in front of you and the palm of the hand on the same side of your body against his chest. Then give him a push, swivelling hips and shoulders sideways to him as you do so. He'll let go, startled.

If you don't believe me, go and try it against (preferably) simulated attacks by your colleagues. But when you have seen that it works, don't forget to come back and read on. There is something vital you still need to know.

It's that even now, if you were really throttled by a stronger man beat on murder, you would almost certainly die. On being strangled in earnest instead of rehearsal, no matter how realistic, you would be panicked into completely forgetting the push technique.

That was proved by the man who first taught me the street-combat trick, practising it with me continually for an hour. He was also my instructor at Judo which is played by strict rules. They totally exclude throttling. So when in a later Judo bout he suddenly grabbed my throat, I knew something had gone wrong. But I couldn't think what to do about it. Fortunately he let me go while he felt he had made his point. To this day I might well forget again if really assaulted.

What's that got to do with management? Something a deal more fundamentally relevant than anything you could learn from business-school lectures, unless you are a boffin-type whose work consists overwhelmingly of intellectual analysis.

In most cases the job depends far more on successfully managing people rather than things, let alone statistics. Most managers know it, too.

"Even engineers," says Dr Robert Blake, the white-haired elfin-like American psychologist who has a fair claim to having invented the activity called organisational development. "Ask an engineering manager what's the key to his job and he'll say: 'People. Yes sir, people are the key thing! Right, let's step across and see this new robot system we're putting in. It's a lulu...'"

"Likewise most younger executives are wised up about man-management theories," Blake goes on. "They were taught them in management school. They know that McGregor's theory X and theory Y man, and Herzberg's

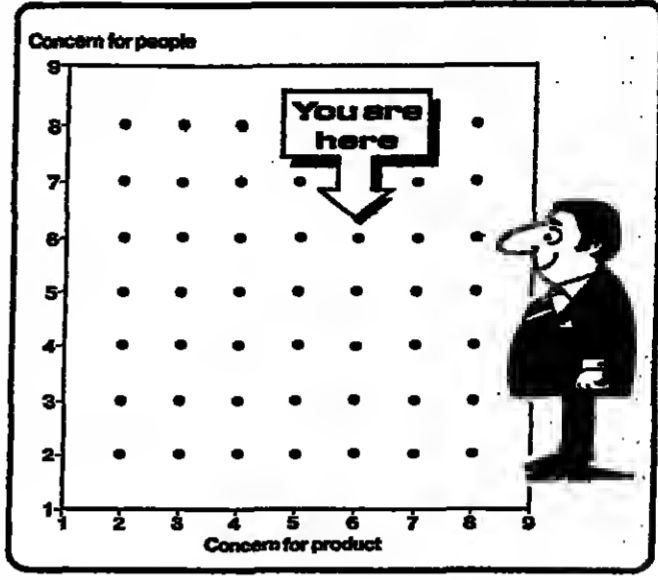
Lots of theory: not so much practice

Michael Dixon on how management performance might be improved

SINCE Blake and Mouton personally introduced their first full-scale managerial grid training programme in Exxon in 1959, they and their associates have worked on organisational development with about 5,000 companies in 40 different countries. The two concerns which have so far adopted the system most thoroughly are TRW in the U.S. and Lever Brothers in Canada.

"The outcomes have included jumps in profits, cost-cut exercises that left nobody complaining, and faster promotion for good young executives who earlier had been blocked and gone elsewhere," Blake says. "But my favourite is a chemical plant, one of 11 in the same company that had the worst safety record of all of them. A year after starting the grid, its safety went to the top of the heap and stayed there. If you want a thermometer of the managerial health of an enterprise, safety records are as good as any."

MANAGERIAL GRID



the motivation/hygiene man. Some of 'em even know that Blake's the managerial grid man. Yeah, they'll tell you to get the best out of people. O.K. It's just that back at the office they never get around to doing it, that's all."

There is no hint of sourness in his irony. He long ago stopped expecting working executives to do as they are advised by experts with a wealth of smug and consulting experience behind them. Probably he didn't expect it even two decades ago when he and his colleague, Dr Jane Mouton, first developed their managerial grid as a system of debugging and revitalising whole company cultures.

Think of a graph. The intersection of the horizontal and the vertical lines at the bottom left-hand corner is numbered one. Running along the bottom line is a scale ending in number nine, each higher numeral representing a greater degree of concentration on the task of getting goods or services produced and delivered. The vertical line is also numbered to

nine, similarly denoting a rising degree of concern for the needs of the people involved in doing the producing and delivering.

That is the grid on which the Blake system plots different styles of management. In the bottom left-hand corner—the 1.1 style—is the manager whose only concern either way is to keep the works ticking over well enough to stave off dismissal. The one in the bottom right corner—termed a 9.1 manager—is dedicated almost exclusively to getting the goods produced, treating the people involved as mere appendages to the machinery.

Up in the top left corner is the 1.9 or "country club" manager devoted to keeping the people happy in the usually mistaken belief that production will then look after itself. Smack in the centre of the grid is the 5.5 executive to whom managerial life is one long compromise to keep quantity and quality of production as good as possible without disrupting human relationships and vice versa.

Most managers tend to work in one or another or in a

combination of those styles. The aim of the training system developed by Blake and Mouton's company, Scientific Methods, is to get an organisation's executives to work collectively to change its whole management culture towards the style represented by the grid's other corner—the one at the top right.

It signifies the 9.9 or "team-management" style. Unlike the 5.5 which treats workers' morale and production standards as separate so that more of the one can be achieved only at some loss of the other, the team-management view is that they are a unity with the result that high morale is essential to high standards of output and, again, vice versa. The 9.9 executive therefore concentrates on constantly improving both.

Since the team-management ideal is so obviously preferable to any of the other styles, the Scientific Methods training system has been taken up, over the past two decades, by organisations all over the world. They are far too numerous to list but they include, for example, Procter and Gamble and BAT Industries.

But Robert Blake would be the first to admit that while some companies have thereby changed their management culture effectively towards 9.9, a lot have no less thoroughly and rigorously put their executives through the training programme without its bringing about any significant change in the styles of management they actually practise.

"Getting the change made calls for a deep kind of learning," he says. "It has to go beyond knowing in your head that you can and should do things better. It must go deep enough to make you stop doing what you're always done before and start using the better way instead. But organisations develop immunity to that deeper learning."

Consequently while executives come to know the new concepts and to act on them within the well ordered, rational atmosphere of the training room, once they get back to the nitty gritty of the workplace they largely fail to apply their new knowledge. To return to the context of throttling, they are like you are now. You know the push trick and can demonstrate it against a simulated attack, but in a real emergency you would be simply incapable of using it.

The problem of how to get people to make the transition from merely knowing something to being able to act on it, has been with us for a long time. The key to solving it was formulated well before Dr Blake—about 22 centuries before, in fact, by Aristotle.

He said that knowing that something is right and can be done is no more the same thing as acting on the knowledge than the fact that young schoolchildren can recite "facts" is a guarantee that they understand them. To be capable of being applied in reality, knowledge must be worked into the living texture of the mind, and that takes time."

It also requires continuous opportunity to try out the knowledge in real conditions until it is fully worked-in, which means making mistakes at first. And if an organisation wants its executives to manage people more effectively, sending them for training will be no good unless on return they are not just allowed but expected to work in a different way with the assurance that due allowance will be made for the inevitable beginner's mistakes.

There is only one person in any organisation who can make sure that the crucial supportive atmosphere is provided. It is a job for chief executives. Too bad that most of them "never get around to it, that's all."

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Monday January 30 1984

Backs against the wall

PRESIDENT Francois Mitterrand and his left-wing Government are up against it in France. The Government's standing with the electorate has been shaken. The need to restructure industry and farming promises much pain and few rewards in the immediate future. Rumbles of discontent, occasionally leading to violence, come from both industrial workers and the farmers. The Communists, while they show every sign of sticking to their place in the Government, are determined, too, to fish in troubled waters.

Much of that has time-honoured precedent. But this new, and disconcerting, is that so many difficulties should be coming to a head in quick succession or simultaneously. The old year was ushered out by violence at the car assembly plant at Poissy. The new year was ushered in by farmers attacking lorries loaded with imported meat and other produce.

The farmers' unrest has occurred against the background of the crisis surrounding the common farm policy of the European Community and the future of Community finances. These issues opened up a number of splits within the Community, but the most obvious clash is between Britain and France. Since two British lorry drivers were held captive for two days, the Government has been delaying a commitment of Norman long-life milk.

But the 100 Years' War had best be forgotten. The issues are more diverse. Not only British lambs have aroused French ire; so have Spanish vegetables, Dutch bacon and Italian wine. Behind each case there lies a failure of efficiency or a climatic or geographic disadvantage in one French region or another. French farmers, too, are wrong to blame all their troubles on a supposed lack of generosity in the farm policy of the EEC.

Accounting for inflation

THE CURRENT cost accounting standard, SSAP 16, is down but not quite out. Current cost figures will in future be confined to a note at the back of annual reports of listed companies, but at least they will still be published. Or so it will turn out if the Accounting Standards Committee approves a statement of intent about a future standard at its meeting on February 29.

This outcome will be a long way short of the proposals put forward last autumn by the ASC's inflation accounting sub-committee which wanted an adjustment to be made in the main accounts. It also recommended that some sort of simplified correction should be applied to the accounts of small, private companies exempt from SSAP 16. But the statement of intent, as presently outlined, will probably be viewed with a degree of satisfaction by the big auditing firms. The flexibility allowed to companies in calculating the adjustment for changing prices has been restricted, and British practice will fall roughly in line with that required of big American companies under the relevant U.S. accounting standard, FAS 33.

Enforcement
The scrapping of supplementary accounts was probably inevitable once it became impossible to pretend that they might form part of the transition to full current cost accounting as the normal reporting system. But to demote the corrections to a note does carry the danger that companies will conclude that they are less important and can even be viewed as voluntary. Already companies have begun to flout SSAP 16, and have discovered that the penalties are less than crippling. It is not clear whether under the new system the absence of current cost figures will continue to be pointed out in the auditors' report, or whether the Stock Exchange will continue to lend its weight to the enforcement of inflation accounting.

Enforcement is the key, as the newer members of the ASC have found out the hard way. When Mr Ian Hay Davison broadened the membership of the committee nearly two years ago—bringing in a wider spread of preparers and users—it seemed like an opportunity to seek a fresh approach to current cost accounting, already a thoroughly showpiece product at that stage. Unfortunately the ASC and its subcommittee have wasted further time and energy

Formidable task

The Government seems to have wavered in the case of the shipyards. It intervened to prevent a large order for frigates going to Yugoslavia, knowing that it would have to subsidise uneconomic production in France. Palliative was preferred to cure.

What happened at Poissy and what happened in the shipyards cannot be condemned out of hand. Any reasonable Government will try to cushion the shocks of industrial restructuring. But it must also ensure that such action does not lead to a vicious circle of working class. He must keep an eye on the Communists at all times to prevent their exploiting this dilemma.

At the same time Mitterrand faces a formidable task. Most of the barbs required will be at the expense of his own supporters in the working class. He must keep an eye on the Communists at all times to prevent their exploiting this dilemma. The inflation accounting issue has demonstrated the limits of self-regulation. If bodies like the ASC are to be effective, they must enforce the standards devised by the ASC, and be able to impose a particular line, they have first to be able to arrive at a consensus. But as far as inflation accounting has been concerned, there has never been a consensus among all the parties involved—the preparers of accounts, the auditors and the users including the Government and the Inland Revenue.

Government intervention through the 1975 Sandilands report introduced problems from which the ASG has never managed to recover. That report promoted the current cost accounting as a system which would be employed by management as well as external users, but it has never been widely enough adopted by industry to make up for its shortcomings as a reporting method.

There would have been more chance of success in going about it the other way by trying to find out what users like shareholders, employees and bankers want and need. But the problem is that the user groups are much less well organised and sure of their views than companies and their auditors. Without the intervention of a strong agency representing users, in the way that the Securities and Exchange Commission operates in the U.S. by enforcing the requirements of the Financial Accounting Standards Board, the inflation accounting momentum in the UK has faded. This is not in itself an argument for a British SEC—but as with the Gower report, it does emphasise the gaps that exist in the regulatory performance of the Department of Trade.

With inflation around the 5 per cent mark, many accountants are tempted to argue that inflation accounting can be dropped. This would be a mistake. In fact this would be a good time to introduce an effective inflation accounting system, because the impact on reported results would be less dramatic. Even at 5 per cent, inflation has a significant impact on the historical cost performance of many companies. It is important that the minimal remaining requirements for CCA reporting are widely observed, partly because inflation accounting is still relevant today and partly because it is essential to maintain practical experience to protect both companies and investors against a future resurgence of inflation.

THE pattern of pay settlements in Britain seems to have changed. Instead of the stable, or even downward, trend of the past three years, the signs are that a range of pressures may be edging wages up again.

Figures published this month by the Department of Employment show that the underlying increase in average earnings has held steady at 7 1/2 per cent for the past four months, while the raw increases in average earnings—falling sharply in November from 8.7 to 7.3 per cent.

And the CBI's latest official Databank figures show an average settlement level of 5.6 per cent, suggesting little change since last summer. Incomes Data Services, the pay research company, also reckons that settlement levels are relatively stable in the 4.5 to 7.5 per cent range.

But earlier this month the CBI's own conclusions were challenged by pay researchers. They argue, on the basis of the CBI's own confidential figures, that average earnings may now be increasing.

For its part the Government seems fairly sanguine in public about pay. Sir Terence Burns, Chief Economic Advisor to the Treasury, told the Commons' Treasury select committee earlier this month that a settlement pattern now tends to emerge from about August.

"Once that has been set, it tends to be followed through the year regardless of what happens to the inflation rate," he said. Yet both the Government and the CBI acknowledge that there is a 4 per cent gap between the national-level pay rise in new money this year, relying instead on local productivity negotiations. But unions in the water-industry managed to retain national-level bargaining even when much of the industry's operations were devolved to regional level. The unions' "success," though, came only after confidential advice was given by the CBI to water employers that pay was not particularly advisable.

Indeed, some employers suggest that decentralisation is really only effective where companies have a wide product range, strong local management, and a wide dispersal of manufacturing units. The Government, though, is still pushing the trend. In its current White Paper on regional policy, it is seeking views on the idea of regional wage variations, in line with its emphasis on "wage flexibility" as part of the Treasury's input to the National Economic Development Council's exercise on the source of new jobs.

Long-term pay deals. Once again, the Government is pushing the trend. In its current White Paper on regional policy, it is seeking views on the idea of regional wage variations, in line with its emphasis on "wage flexibility" as part of the Treasury's input to the National Economic Development Council's exercise on the source of new jobs.

Industry-wide deals are remarkably stable in comparison with last year. This month, for instance, the paint and varnish action, a builder," says Gray. "He possesses the kind of vision that our rapidly changing world requires of today's business leaders."

Others watching Murdoch's tactics over Warner have a controversy has now arisen over the assignment of three reporters from Murdoch's New York Post to collect evidence on Warner chairman, Steven Ross.

According to the Murdoch camp, they have been working independently of the paper to help in the general campaign against Ross's management of the company. But associates of Ross claim they have been asked for interviews which suggest the reporters are "just digging."

Book value
There is no one answer to the stock market," says Donald L. Mack. So he has gone into business in Los Angeles, selling just about every investment strategy ever devised. He has opened what he claims to be the first book store in the world devoted exclusively to books on investments, the stock market and Wall Street.

Mack's business grew out of his own reading. In the past 20 years or so, he has collected a library of 5,000 first editions of books about the market.

His Investment Genre Book Store, at 2124 S. Sepulveda Blvd, West Los Angeles—from which he also runs a catalogue mail order service—contains about half that number of titles, covering every aspect of the market from technical analysis to such arcane influences on investment as astrology, psychology and witchcraft.

Mack believes the golden age of stock market literature was the 1920s to the 1940s—though the books on his list were chosen for their information not their style. "They won't make the college English top 10." Stock market history is impor-



ground-breaking three-year deal though, seems to have acted as a focus for other settlements including one to increase the flexibility to bargain around a wages council order, rather than abolition of the councils. Across the country there are, of course, continuing disputes such as the miners' overtime ban over their 5.2 per cent pay offer, and British Shipbuilders' problems in implementing in the yards the productivity deal

Others were: a 59-week, 6.5 per cent deal at Kodak, worth 5.75 per cent over 12 months; 4.5 per cent at the Atomic Energy Authority, over 15 months; 7 to 8 per cent at Kwik Save retailing; 3.5 to 3.7 per cent at Lucas Industries; 5 per cent at Vestrie; 7 per cent at United Biscuits; 6 per cent at Eagle Star; 5.5 per cent for Tate and Lyle staff; 4.5 per cent for Thomas Cook staff; and 7.5 per cent at Amersham International. Pay negotiations still to come include workers in the local authorities, the gas, electricity and water utilities, the banks, the building industry and the chemical industry.

What factors will influence these? The Government is considering some recently-completed research among employers over the last four years, which shows some of the factors which may be significant. Over the period, the threat of industrial action, direct tax cuts, employee participation and—most embarrassingly for the Government—official statements on the need to hold down pay all seem to have had only a marginal impact.

The dominant factor is still a company's ability to pay. But as the economy has shown signs of improvement, ability to pay—and the general influence of the labour market have both become less important. There is now increasing interest in comparability.

Perhaps most important, however, the research suggests that the recession has wrought permanent changes in employee attitudes to pay. The research also shows that the rate of redundancy, rather than the actual level of unemployment, seems to have been the main influence on union negotiators. Few employers' negotiators seem to believe that wage inflation will return sharply because unemployment

BRITISH PAY SETTLEMENTS

How the pattern is changing

By Philip Bassett, Labour Correspondent

The recession may have wrought permanent changes in employee attitudes to pay

develops a seemingly unstoppable momentum. Police and firemen's index-linked increases, at 8.4 and 7.5 per cent respectively, were well in advance of the Government's 3 per cent target for the public services; comparability-based ground rules have been agreed for this year's white-collar Civil Service pay deal, and talks on a longer-term system are well advanced; the nurses' pay review body is—finally—starting its work; and most recently of all, the Government has tentatively indicated that other NHS unions' limited readiness to collect comparability data for them.

Minimum wage fixing. The rejection by two wages councils of government advice to contain pay increases has heightened official feeling against them. Employers are being surveyed on their attitude to any suggested abolition of the wages councils, which now cover about 10 per cent of all

which nearly provoked a shipbuilding strike. However, overall the stability implied in the trends described above seems likely to continue. Strikers, for instance, are becoming less common, with about 3.6m days lost last year. A recent survey among company directors showed that only 1.6 per cent thought industrial unrest was likely to be their main concern over the next six months.

The recent union defeats in the Messenier print union dispute, and the BT engineers' campaign against privatisation, are also having a further dampening effect on the union movement. Even so, recent settlements show that present deals vary quite widely: Esso tanker drivers settling at 4.5 per cent; Shell employees' deals centring on the same level; Metal Box at 5 per cent; and Ford's manual and staff employees at 7.65 per cent.

is no longer rising. The catharsis of the rapid rate of redundancies around 1980-81 may have had a lasting effect: the fear of redundancy is still real even if the rate of job losses has slowed.

Similarly, the significant recovery in companies' real profitability has also not weakened the downward pressure on pay.

In theory, then, there seems to have been some measure of permanent change. In practice, the latest evidence from the real world of negotiations is equivocal. Both in local government and in the engineering industry there have been attempts to break the traditional negotiating mould. So far both have failed.

In both closely watched negotiations there have been radical proposals on pay, which in different ways seemed to be in accord with the new realism of the TUC's new realism.

Britain's 800,000 council manual workers have this year abandoned a large immediate pay rise as the main point of their claims. Instead, they have been seeking to establish in the longer term a principle to deal with low pay, and have themselves proposed initiatives—on the staging of increases, on wage restructuring and on moving to a cashless pay—which would help fund it.

The employers have failed to meet the challenge, preferring instead last week to offer a straight 3 per cent rise in pay—exactly in line with the Government's target for the public services.

Given this example, another initiative launched last week by health service unions, proposing new working patterns in return for extra money for a salaried structure for Britain's 17,000 ambulance staff—may well draw a similar answer.

On the other hand, the employers in the engineering industry took the first steps towards a new era of pay bargaining by seeking fundamental changes in working practices, including greatly increased job and bargaining flexibility. In the most far-reaching proposed revision of wage arrangements seen in the industry for 20 years.

What has happened here is that the unions have secured a 5.2 per cent deal on national minimum rates while agreeing to little more than to set up a long-term working party to examine the employers' ideas. This will not even begin its preliminary work until the middle of next month. Already there is criticism in the industry of the employers' negotiators for letting the unions off the hook.

Even so, these types of initiatives, from both sides of the bargaining table, are different from the confrontational pattern of pay negotiating so often seen in the UK. The trend of deals over the next few months will help indicate further whether these—and the other factors influencing settlements—do really mark a permanent shift in attitudes to pay.

Men & Matters

Digging in

In the thick of the legal action over his bid for control of Warner Communications, Rupert Murdoch has taken another job in the U.S.—a directorship at United Technologies. The new deal, as the owner of Pratt and Whitney, Otis Elevators, and Sikorsky Helicopters.

Barry Gray, chairman of UT, is a man who may be able to give the Australian publisher an extra idea or two on takeover strategy. A former executive at Litton Industries, one of the originators of the conglomerate fad, he has largely built UT by takeover, and last year became involved—relatively painlessly—in the complicated three-corner fight for Bendix.

Gray has apparently been struck by Murdoch's combative style, much on display during the increasingly abusive tussle over Warner, as well as his image as an international businessman. "Rupert Murdoch is a man of



"Er—before we take off, is the captain quite happy with the pension buy-out scheme?"

action, a builder," says Gray. "He possesses the kind of vision that our rapidly changing world requires of today's business leaders."

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tant, be says. "If you are going to be involved in something, study the whole area. If I get one good idea from a book, it is worth it."

Most of his top 10 books were published in the 1920s and 1930s. Best seller, so far, is Reminiscences of a Stock Operator, a 1923 account of the Wall Street operations of Jesse L. Livermore. "The best natural stock trader of all time," says Mack.

Livermore made—and, of course, lost—several fortunes. And eventually shot himself. But his How to Trade in Stocks is still in great demand, says Mack.

Give and take
Mexico's anti-corruption ministry, known more pompously as the General Comptroller, has been inundated with gifts these past few weeks—not from people trying to bribe its officials but from other government servants handing in presents which the new "honesty code" rules too expensive for them to keep.

In the past, civil servants could expect to be richly showered over the Christmas period with tokens of thanks for public sector contracts, import licences, and generally smoothing the way through the paperwork of Mexico's vast bureaucracy.

But the new code only allows officials to accept presents which are less than 10 times the daily minimum wage, currently 890 pesos (about £3). President Miguel de la Madrid, anxious to set an example from the top, returned an antique oil painting given to him by the oil workers' union, renowned for its lavish lubrication of the levers of power.

Among the flow of gifts since handed in to the ministry are a refrigerator, a gold watch, cases of wine, a pistol and several bronze busts. The gifts will be put to good use. Non-perishable goods will

be given to the country's national pawnshop, and proceeds from their sale will go into the depleted state coffers.

Golf rabbit

After much beard-searching debate, Volkswagen has decided to drop the name, Rabbit, from its car range in North America. In future, the group will use the name name as in Europe—Golf.

VW argues that it does not make much sense to have two names for the same vehicle. But its competitors will be quick to point out that the decline in Rabbit sales during the past few years could indicate that not too much goodwill will be lost in the change. In 1980, VW produced over 187,000 Rabbits in the U.S. Last year the total was down to only 85,000.

The chance to switch names comes because work has started at VW's Westmoreland, Pennsylvania, plant to put the new Golf into production for sale in the autumn, about a year after the model made its debut in Europe.

The Rabbit was launched in North America in 1973, at first as an export from West Germany. VW had been selling cars such as the Beetle and the Fox there for some time, and chose another animal name because, to quote a VW executive, "we thought it suited an underdog."

Well oiled

A good dinner is evidently in prospect at London's Grosvenor House hotel on Thursday, when the Institute of Petroleum holds its annual "bash."

Reuters reported at the weekend that traders were ascribing the latest rise in oil prices to their need to cover requirements before the dinner "which takes most market operators away from their offices for several days."

Mrs Thatcher was commenting on the remarkable success of a company which was expanding into its own 100,000 sq. ft. factory in Peterborough. A company that moved into a 40,000 sq. ft. advance factory only five years ago.

Hundreds of companies have moved to Peterborough and nearly all have experienced an upturn in output, productivity and profit.

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Prime Minister Margaret Thatcher

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Observer

FOREIGN AFFAIRS: ARMS CONTROL

More than meets the eye

By Ian Davidson

IT WOULD seem that 1984 is getting off to a much better start, in terms of the easing of East-West tensions...

President Reagan says he wants a constructive dialogue with the Russians; President Andropov says Russia is prepared to talk...

Yet this transformation is so abrupt that it remains exceedingly difficult to see what it adds up to...

It is inconceivable that Ronald Reagan has changed his opinion of the Russians; it is obvious that this attempt to strike a balance...

On the other hand, it is not too soon to take a hard look at the whole process of arms control, and what we may expect of it...

conditions of horrendous complexity for everyone—of which more later. At all events, we should be aware that the arms control process takes place in several dimensions...

The second dimension is that of exploration by the negotiating powers of each other's aims, and of manipulation of the political audience outside. The third, and arguably the least important dimension...

Take the Mutual and Balanced Force Reduction talks on conventional forces, known as MBFR. These started almost exactly 11 years ago...

danger of the Germans getting restless. There is strong, if circumstantial, evidence that Brezhnev deliberately agreed to the opening of MBFR in order to head off Congressional support for Senator Mansfield's attempts to secure a unilateral U.S. troop out...

The global activism of the Reagan administration has given a new twist to the old argument. The instrument for large-scale intervention in the Third World is the Rapid Deployment Force...

Over the decade, some experts have claimed to perceive glacial movement on the Soviet side, though the main stumbling block-agreement over the scale of the existing Russian superiority—remains whole and intact...

ton started to get much more impatient with the "softness" of its European allies, Moscow might reel out a few more concessions, to keep America tied to the negotiating process...

degrees, broken off by the Russians. A resuscitation of the Euro-missile talks within any relevant time-frame can be ruled out. The Russians denounced the Nato deployments with such ferocity...

First, the Russians may want to get a handle on the Reagan rearmament programme, just in case Congress fails to do so. They may also fear that a Soviet repudiation of the nuclear weapons control process might carry seven times as many independently targetable warheads as Polaris does now...

In which case, we should also see a lively debate about the agenda for the negotiations. Ever since the super-powers first embarked on strategic arms talks 15 years ago, the Russians have consistently demanded the inclusion of American forward-based systems (FBS), such as nuclear-capable aircraft based in Britain or on carriers...

A resuscitation of the Euro-missile talks can be ruled out



Mr Gromyko prepared to talk?

can be counted on to argue it the more forcefully, because Britain and France are both poised for a substantial up-grading and expansion of their nuclear deterrents in terms of warheads...

It is not too soon to take a hard look at the whole process of arms control, and what we may expect of it. During most of last year, and especially in the closing months as Europe gritted its teeth for what appeared the unavoidable ordeal of deployment of the new cruise and Pershing II missiles...

should be easy to argue that the Soviet SS 20s carry more warheads than the planned cruise and Pershing II missiles and from a doctrinal point of view, the inclusion of Euro-missiles in strategic arms talks implicitly strengthens the links between the two sides of the Atlantic...

By walking out of three arms control negotiations, the Russians made a frightful mess of their public relations hand; by agreeing to return to MBFR, they have admitted as much. If they also return to the Start talks, they will have plenty of opportunity for the embarrassment of the West...

Lombard How to improve the EMS

By Samuel Brittan

WHETHER OR not the exchange rate arrangements of the European Monetary System are a good idea in the present stage of the Community, they do exist; and therefore plans for improving their operation deserve a respectful hearing...

Prof Meade's latest suggestions were presented to an EEC seminar in Brussels and are soon to be published in the Three Banks Review, where the full theoretical framework will be set out. Briefly, member countries would carry on individually with their efforts to maintain economic activity without runaway inflation...

An institutional system for adjusting exchange rates continuously is no clear an improvement on the present jerky and politically determined step changes that the matter hardly needs further argument. It would be wrong however, to leave the matter there. For Prof Meade is more ambitious than simply trying to smooth the path of exchange rate movements...

Let us suppose that a country's overall demand management is about right, but that this is achieved by means of an expansionary fiscal policy. In such a case, the domestic investment-consumption balance would be in surplus. At present this would make a formal dollar-EMS exchange rate link. But similar portfolio movements could affect Community countries...

Letters to the Editor

Dilemma for UK industrial training

From Dr Michael Cross Sir—Alan Pike's documentation of the changes likely to befall the Skillcentre Training Agency of the Manpower Services Commission (January 24) serves to highlight a major dilemma for industrial training in the UK...

There is the strong possibility that what is happening is a redefinition of existing jobs leading to a recombination of existing and new skills and knowledge. For example, there are moves to produce a multi-role engineering craftsman in the process industries...

Broadcasting in Gaelic

From the Joint Secretary of the Highlands Society of London. Sir—How very encouraging it was to read in Raymond Gibson's article (January 24) that the BBC is considering increasing the amount of Gaelic Broadcasting in Scotland...

IBA and radio station rentals

From the Director of the Federation of Independent Radio Contractors Sir—You reported on January 18 the Independent Broadcasting Authority's statement that the new rental pattern for independent local radio stations was a "broad endorsement" of the companies, but this is not strictly true...

Franco-Arab arms deal

From Mr J. A. Kornberg, Chairman, Anti-Boycott Co-ordination Committee, British Chamber of Commerce. Sir—Your paper has paid due attention to the news that France has negotiated a \$3,000m arms contract with Saudi Arabia...

Anglo-U.S. air agreement

From Mr Patrick Shovelton, Director-General, General Council of British Shipping. Sir—Your distinguished air correspondent reports (January 25) that the Americans feel they were "out-negotiated" in 1977. This is nonsense...

Health and Social Security Bill

From the Chairman of Martin Patterson Associates. Sir—Mr Lewin's complaint (January 24) about the retrospective effect of the clause in the Health and Social Security Bill banning "franking" (the effect of which is to deprive many early leavers of any benefit of whatever amount contracted out scheme membership even when they have paid extra for this) raises two interesting questions...

Health and Social Security Bill

The first is whether the scheme on behalf of which he complains advised their members, at the time they announced their decision to contract-out and explained the advantages of the course proposed, what their intentions were in this respect so that the members had an opportunity to consider whether they would not wish to opt out after all. And the second is why these schemes lack the financial resources to correct this past unfairness...

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FINANCIAL TIMES

Monday January 30 1984

BELL'S
SCOTCH WHISKY
BELL'S

Terry Byland on Wall Street Capital goods find new life

LAST WEEK brought some unhappy moments for Wall Street investors as the stock market struggled to recover from a series of body blows delivered at mid-week when the major investment institutions sold off some blocks of the blue chip issues.

The shakeout left no sector unspared. By Friday, the Dow Jones industrial average had lost 2.9 per cent, while some hefty profit-taking in airline issues had taken 5 per cent off the DJ transport average.

But when last week's falls in stock prices are set against a somewhat wider background, then it begins to look as if some sectors are developing a life, or at least a trend in their own.

After last week's debacle, the Standard & Poor's 400 index has barely gained ground since the end of August - about 0.2 per cent while the DJ industrial average is now a mere 3.9 per cent higher over the same period.

This lacklustre performance is mirrored in individual performances by sectors which led the way forward in the first half of the bull market such as pharmaceuticals or retail merchandising issues, with 3 per cent and 5 per cent gains respectively, according to Barrons Stock Averages.

But the return to investment favour of the much battered capital goods sectors stands out in strong contrast. Since August, the iron and steel stock sector, for example, has gained 23 per cent on average, the building materials and equipment sector 16 per cent and machine tools 11 per cent.

These gains suggest that the stock market is performing its time-honoured function as the herald of economic change rather than simply its recording angel. As the U.S. industrial recovery has taken hold, investors have turned towards stocks likely to benefit from the second phase of recovery, when inventories, factories and heavy equipment will be replaced.

The stock market has succeeded in anticipating this recovery in the capital goods and heavy equipment sectors which has only just begun to appear in the real world of corporate results. Throughout the sector, companies have been cutting workforces, closing uneconomic plants, and improving efficiency.

The current round of quarterly profits statements from industry is bearing out the market's trend, in reports from leading companies of a recovery in demand for capital goods. A fortnight ago, Caterpillar Tractor was able to disclose a sharp rise in sales in the final quarter of last year.

The New York investment management firm of Smilen and Safian has constructed sector averages for capital investment issues - referred to as Derived Demand Average - and for consumer-related, or Primary Demand, stocks.

Smilen and Safian's Derived Demand average is currently within 1.2 per cent of its peak, despite last week's selling, while the Primary Demand Average is about 11 per cent off.

The Derived Demand Average takes in such key capital investment stocks as Cincinnati Milacron, the largest U.S. machine tool manufacturer. This company has been in deficit since the September quarter of 1982 but has reported signs of recovery, particularly in its plastic robots division.

Ingersoll-Rand, another component of the Derived Demand Average, also has a list of quarterly losses behind it but has seen a recovery in sales to the construction industry. One source of strength of capital investment stocks has been a rise of 1.4 per cent in federal and state expenditure on structures in the third quarter of 1983, the first increase for four years.

Koppers, the Pittsburgh manufacturer of coke ovens, blast furnaces and other steel industry equipment, is another capital goods stock likely to benefit from an upturn in industrial investment. With a happier earnings record behind it than much of the sector, it is likely to benefit from its wide range of industrial involvement. The stock has already gained 10 per cent since the end of August and has been helped by improvements in orders and order backlogs.

If, as seems probable, the recovery in profits in the capital goods sector is still in its early days, then the prospects for further advances in stock prices are substantial. The coolness with which the market has received the early batch of results for 1983 may indicate that higher earnings and sales from the consumer-oriented sectors have been well-discounted. If an earnings driven market is still in prospect, the drive will have to come from the capital goods sector.

Chrysler U.S. confirms Mitsubishi venture plan

BY TERRY DODSWORTH IN NEW YORK

MR LEE Iacocca, Chairman of Chrysler U.S., has confirmed that the company is planning a joint small car manufacturing project with Mitsubishi of Japan.

He refused to put a date on any transaction, or indicate where a new joint car might be built in the U.S., but said that the meetings with Mitsubishi executives in Detroit last week had been "very productive". The two companies would continue to meet regularly.

It is thought Chrysler is planning to collaborate with Mitsubishi in which it has a 15 per cent stake to produce a replacement for its Omni range, launched in the late 1970s after development by its then French subsidiary. Following the sale of Chrysler Europe to Peugeot, the company was originally aiming to continue to draw on the French group for small car technology, but these links were abandoned when both companies ran into financial difficulties.

The co-operative venture has been under consideration since

Chrysler's financial problems started in 1979. But the U.S. group has also talked to a variety of other possible overseas partners, notably Volkswagen of West Germany, and has frequently suggested that it might try to continue its car development programmes without outside collaboration.

Although Chrysler has argued that it is now financially strong enough to generate the funds for its new car projects, most U.S. analysts believe it will need a partner for at least some of its next generation of models.

Collaboration will become even more urgent if the planned joint manufacturing venture between General Motors and Toyota in Fremont, California, goes ahead. This project would give GM access to 200,000 small cars a year while improving its own small car technology and limiting its investment costs to only about half of what would be normally required.

Chrysler has only recently launched a court action against the

GM-Toyota venture, on the grounds that it violates anti-trust regulations by bringing together the two largest manufacturers of popular cars in the world. But the Federal Trade Commission has already approved the project.

Mr Iacocca, one of the most combative executives in U.S. industry, launched a vitriolic attack on Mr Henry Ford, the former chairman of Ford who sacked Mr Iacocca from the Ford corporation six years ago, in a TV programme at the weekend. Chrysler has been put under additional pressure by Ford's announcement that it will collaborate with Toyo Kogyo of Japan in making a small car in Mexico for export to the U.S.

The talks with Mitsubishi, Japan's fifth largest vehicle producer, come when the company may be anxious to move into U.S. production with a car of its own design. Its independent distribution effort in the U.S. has been severely restricted by the recent allocations under the quota system now operating

Ministers press U.S. for cut in budget deficit

By Jonathan Carr in Davos

THE U.S. has again come under high-level pressure to cut its budget deficit and encourage lower interest rates to help ease the plight of the indebted developing countries.

The action came during nine hours of informal talks in Davos at the weekend between ministers and other senior representatives from a score of developed and developing nations.

Mr Raymond Barre, the former French Prime Minister, said afterwards ministers participants felt the U.S. deficit was one factor threatening the process of financial adjustment in the developing world.

The meeting had adopted a "wait-and-see" attitude to President Ronald Reagan's proposal last week that the budget deficit might be cut by about \$100bn in the three fiscal years 1985-87. "We have heard similar statements of intentions before," Mr Barre noted.

The private talks between world leaders have become a regular feature on the sidelines of the annual businessmen's symposium organised in Davos by the European Management Forum.

Among those attending the talks this year were representatives from Canada, West Germany, Japan, Britain, Brazil and Mexico.

BA expects £180m profit in full year

Continued from Page 1

its attitude to the independent airlines, headed by British Caledonian, remains one of fierce competition wherever and whenever it can compete. BA will make clear that while the independents have always insisted on the right to compete, they cannot now complain if BA is itself competing more formidably as a result of its stronger financial position.

Moreover, in BA's view, the independent airlines should not be allowed to use the impending privatisation of British Airways as an excuse to seek some protection from that fiercer competition by being allowed to take over some of the state airline's assets.

Lynton McLain in London adds: BA is also hoping for an operating profit of more than £250m for the year to the end of March, compared with £190m in 1982-83 and £13m in 1981-82, before interest and tax.

The scale of the forecast operating profit this year signals the likely first payment to staff under BA's proposed profit-sharing scheme.

Renault admits loss on coffee

Continued from Page 1

making instant coffee by a man who has since disappeared.

Le Point alleges that the man had several criminal convictions of which Renault were unaware when they purchased the process from him.

Renault's misadventure with coffee goes back to 1974 when the group wanted to unload a stock of coffee it had accepted from Colombia in compensation for cars sold to the country. Following an approach from the inventor, the company bought his process for instant coffee manufacture and invested in two factories in Belgium and Sardinia.

The factories never went into production. Renault said yesterday that they withdrew from the business in 1977 after the price of coffee tumbled on the world market.

Renault lost FFY 578m on the transaction, Le Point reported. The company did not confirm that figure.

Nigeria's trade debt accord

Continued from Page 1

held in February, probably after the forthcoming talks between Nigeria and the International Monetary Fund, scheduled for February 15.

Nigeria is seeking to negotiate loans from the IMF that might total more than \$3bn, although talks have been delayed because of disagreement over devaluation of the Naira, and the New Year's Eve military coup in Lagos.

Meanwhile, Chase Manhattan Bank has been appointed by the Nigerian Government to reconcile the exact amount of trade payments outstanding.

UK to help top up World Bank loan fund for poorer countries

BY PHILIP STEPHENS IN LONDON

BRITAIN HAS given its backing to a renewed effort by the International Development Association (IDA) to boost the resources it can lend to the world's poorest nations in the next three years.

In its talks with a senior IDA official last week the UK Government indicated that it was willing to pay into a new \$3bn financing facility sought by the World Bank's soft loan agency.

The funds are needed because of the U.S. refusal earlier this month to contribute to more than a \$9bn replenishment of IDA resources for the three years beginning in July.

The replenishment was \$3bn short of the figure sought by all the donor countries except the U.S., but was agreed after the U.S. Administration insisted that its 25 per cent share of the overall amount be kept to \$2.25bn.

Possibilities of a supplementary fund were canvassed, but there were objections by several governments to changes in the "burden-sharing" among donors needed to cover the shortfall from the U.S.

There were also differences over the procurement policies for projects financed by a parallel fund, and over the geographical distribution of the payments.

The latest effort by the IDA, which has been the subject of bilateral talks in several European capitals, appears to be focusing on getting donors to pay into the \$3bn fund on the basis of the existing distribution of contributions.

Many countries had set aside this money in their national budgets before the U.S. blocked the \$12bn figure, and the IDA is anxious that it is not now re-allocated to other spending programmes.

If the other 32 donors could be

persuaded to contribute, renewed pressure could be put on the U.S. - perhaps after the presidential elections - to bridge the 25 per cent "gap" that would be left.

British Government support for the IDA's strategy was given in the House of Commons in London last Friday by Mr Timothy Raison, the Foreign Office minister responsible for aid policy.

Mr Raison said Britain would be prepared to contribute to supplementary funding, subject to negotiation of satisfactory arrangements with other donors, and on the basis of the "traditional equitable burden-sharing."

He did not, however, make additional British cash explicitly conditional on U.S. participation in the financing. On the basis of Britain's 6.5 per cent share of the agreed replenishment, it would be expected to pay \$195m into any new fund.

Recovery for Texas Instruments

BY PAUL TAYLOR IN NEW YORK

TEXAS Instruments (TI), the Dallas-based electronics group which pulled out of the home computer market in October after reporting heavy losses in the first nine months, said its net earnings, spurred by semiconductor sales, jumped 82 per cent in the fourth quarter.

TI said record semiconductor shipments and orders in the latest quarter helped it post net earnings of \$77.5m, or \$3.23 a share, in the 1983 period. Revenues increased by 18 per cent to \$1.3bn from \$1.1bn.

The company also announced that Mr Mark Shepperd, chairman and chief executive, had named Mr Fred Bucy, currently president and

chief operating officer, to succeed him as chief executive in April. Mr Shepperd, aged 61, will remain chairman and become chief corporate officer - a job in which he will concentrate on policy and long-term strategic planning.

The dramatic fourth-quarter improvement, however, was not enough to offset losses earlier in the year before its decision to pull out of the troubled home computer market. The company said it lost \$145.4m in the full year compared with a net profit of \$144m, or \$6.10 a share, in 1982. Revenues increased from \$4.3bn to \$4.6bn.

The company announced its decision to pull out of home computers when it reported its third-quarter earnings. It said its total losses from the home computer business last year were \$600m.

Fourth-quarter earnings were bolstered by a \$11m gain, or 48 cents a share, from better sales than expected of home computers and software that had previously been written off.

The company said that excluding its consumer electronics business profits would have climbed 73 per cent in 1983 over 1982. TI said its order backlog at the end of the year increased to \$2.8bn from \$2.6bn a year earlier.

Nippon Electric eyes new UK plant

BY JASON CRISP IN TOKYO

NIPPON Electric Corporation (NEC), one of Japan's largest electronics groups, plans to build a new plant in the UK to make telecommunications and office automation equipment.

NEC already has a large factory in Livingston, Scotland, making microchips. The plan to establish a second factory indicates NEC wants to become a leading force in the recently liberalised British telecommunications equipment market.

Competition in the UK is likely to become increasingly fierce as U.S. and Japanese companies enter the market. NEC is the largest telecommunications manufacturer in Japan and is now an important supplier in the U.S. A number of North American suppliers have already announced they will compete in the UK, including Northern Telecom, GTE, Mitel and TIE/Communications.

NEC has not decided on the plant but is almost certain to go ahead. NEC has recently been particularly aggressive in the U.S., where it has been gaining market share. NEC has the largest market share after the leading North American suppliers AT & T, Northern Telecom, Rolm, General Telephone and Electronics (GTE) and Mitel.

NEC supplies equipment to be used on customers' premises, to five of the seven new Bell regional companies which were formed after AT & T was split up at the end of last year.

NEC has a joint venture with Ansafrone in the UK to sell key-systems, electronic versions of "key and lamp" systems used in small offices. NEC is now considering making PABXs, mobile telephones, computer terminal equipment and possibly small business computers in the UK, according to Mr Shozo Shimizu, senior vice-president responsible for international operations.

NEC has substantially increased its overseas manufacturing in recent years and now has eight plants in the U.S., including three making telecommunications equipment from main public exchanges to key systems. In Europe, NEC has a small plant making semiconductors in Ireland and a substantial facility in Scotland.

The Scottish plant started production in October 1982 and was opened by the Queen last July. The plant makes 64k dynamic RAMs, the leading type of memory microchip, and a smaller quantity of microprocessors.

One factor in NEC's decision to extend manufacturing in Britain has been the satisfactory level of productivity at the Scottish plant.

World Weather

Location	Temp	Wind	Cloud	Pressure	Humidity	Visibility
London	12	15	5	1015	75	10
Paris	10	12	3	1018	70	10
Rome	15	18	2	1012	65	10
New York	5	8	4	1010	80	10
Tokyo	8	10	6	1014	70	10
Sydney	18	20	1	1016	60	10
Mumbai	25	28	3	1013	75	10
Delhi	22	25	4	1011	70	10
Beijing	10	12	5	1015	65	10
London	12	15	5	1015	75	10
Paris	10	12	3	1018	70	10
Rome	15	18	2	1012	65	10
New York	5	8	4	1010	80	10
Tokyo	8	10	6	1014	70	10
Sydney	18	20	1	1016	60	10
Mumbai	25	28	3	1013	75	10
Delhi	22	25	4	1011	70	10
Beijing	10	12	5	1015	65	10

Kohl's visit to Israel

Continued from Page 1

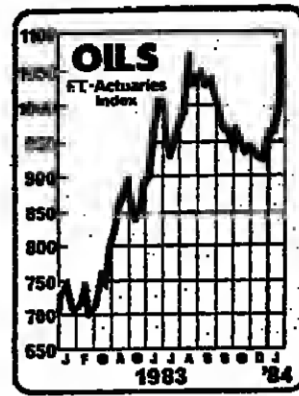
The Chancellor, however, said no increase was possible because of German budget cuts.

He was more forthcoming with regard to Israel's concern over the blow which its agricultural exports are expected to suffer when Spain and Portugal join the EEC.

Herr Kohl said that he would personally undertake to ensure that the vital interests of Israel would be taken into account over the Spanish and Portuguese accessions. He referred to the possibility of creating "a corridor" to help Israeli exports, but declined to go into detail.

THE LEX COLUMN

The short cut to long-term oil



It is an ill wind that blows no good and the Arctic blizzards sweeping both sides of the Atlantic this winter have at least been good news for oil stocks in London and New York. The cold weather, though, has not been the only buy story in the market.

The recent spate of takeover activity in the sector has strengthened the idea that companies in search of additional reserves might do better to buy them from others than set off in search of new fields. The consequences of this in the UK's less mature market are different from those in the U.S.

The "cheaper to buy than find" argument has probably not made that big a direct contribution to the gradual recovery of oil shares on Wall Street, relative to the rest of the market.

The accumulation of reserves through the stock market has certain obvious advantages - even the most disastrous takeover would be unlikely to swallow up \$1.5bn with quite the same finality as the Beaufort Sea. But Wall Street has at least two good reasons to restrain its speculative instincts, even leaving aside anti-trust complications.

Oil shares in the U.S. market today are typically valuing companies' reserves according to First Boston Corporation at somewhere between \$5 and \$10 per barrel (pb). The average cost of finding and developing oil in the U.S. - less than \$1pb between 1948 and 1965 - has fallen from its 1980 peak of about \$13pb but is still about \$10pb.

Oil men regard it as a vulgar error, however, to conclude from this that stock market costs are self-evident. For exploration and development costs to each of the intervening years on the basis of a steady escalation. Revenues are calculated using today's selling prices for the next two years and a steady rise thereafter, to a maximum of \$75pb in 2000, for crude from the U.S. and the North Sea.

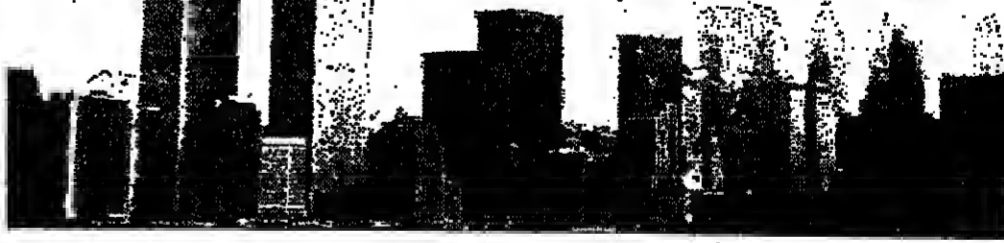
Herold adjusts the resulting value in various ways. Debt is deducted using current balance sheet figures, other producing assets are valued as multiples of their current profit, for example using multiples of 4-6 for refineries and about 10 for coal fields. Values are assigned to undeveloped acreage according to Herold's own assessment of the region, the prevailing market and its own judgment.

After its 34 years in the business, this judgment seems to be fairly generally respected. The Herold values of \$5.82pb and \$5.57pb for the U.S. oil reserves of Getty Oil and Shell Oil respectively, for example, have been widely quoted.

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- ◆ Consolidated total resources of £116.2 million at record level.
- ◆ 31% increase in net asset value to 260.9p.
- ◆ North American content increased from 57% to 76%.
- ◆ One-for-one scrip issue proposed.

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SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Monday January 30 1984



Banks gloomy as borrowers opt for floating rate notes

BY OUR EUROMARKETS CORRESPONDENT

GLOOM over new business prospects in the syndicated loan market deepened last week as two more borrowers - Spain and Italy's state railways - were snatched away by the buoyant floating rate note market.

Both borrowers might have been expected to tap the Eurocredit market, but floating rate notes are cheaper and still easy to place even for relatively long maturities so that the liquid bank credit market still seems as far off as ever from winning large deals from good quality names.

One rather uncomfortable outcome of this could be that the Eurocredit market will be left doing business with names that do not quite fit in the bond market. A case in point is the Bank of Greece which is just starting to sound out banks on a loan of at least \$400m.

According to OECD estimates, Greece had a balance of payments deficit of about \$2bn last year and it has become a heavy borrower relative to its size. As a result, some banks find they have little room left in their balance sheets for new Greek business.

This means it would hardly qualify for a floating rate note and could even find the going tougher in the syndicated loan market than it did last year, even though margins elsewhere have been falling.

A consensus view in the banking community on Friday was that this time Greece may have to offer a margin over the expensive U.S. prime rate to get its deal away. The last Greek loan, a \$200m package for the Public Power Corporation, offered on prime margin and a margin of 3/4 per cent over Eurodollars for four years rising to 1/2 per cent for the next three.

Setting an appropriate Libor margin for the new deal will be a delicate exercise. On the one hand other borrowers have obtained better terms since then, on the other

Fixed rate issues slow down

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

A WIDE divergence emerged in the bond markets last week between the floating rate note sector and the market in fixed rate dollar bonds.

While issues of floating rate notes continued to run apace, totaling \$700m for the week as a whole, new business in fixed rate bonds slowed to a trickle. Only one conventional bond was launched last week - the \$100m 12 per cent issue for Security Pacific. But there was a \$30m equity linked issue for Kayaba Industry, as well as a \$60m convertible bond for Ono Pharmaceuticals.

Nor were there any signs of the indigestion in the FRN market that usually accompanies a burst of new issue activity in the fixed rate bonds. Margins on floating rate notes have been steadily shrinking to the point where Sanwa International Finance's \$150m issue launched on Tuesday actually bears no margin over London Eurodollar rates at all. Yet on Friday it was

Jan 27	Previous
96.503	96.488
High	1983-84
102.017	Low
	97.689

trading at a discount of around 80 points, well within the total commission of 1 per cent.

Its performance rather took the wind out of the sails of those who had criticised the \$500m issue for Denmark of 10 days ago as being too tight with its margin of 3/4 per cent. What appears to be happening in the floating rate note market is akin to the boom years of syndicated credits with issues being offered on seemingly absurd terms that quickly become the market norm or even above it.

The secondary market price of the Danish issue has been distorted by the fact that at least in the initial stages Salomon supported the notes

in the market. Last week, however, they edged a little higher to trade at a discount of only 0.325 per cent compared with 0.5 per cent a week earlier.

A further example of the market's buoyancy came with Friday's issue for Spain, which was woo by Credit Suisse First Boston in a demonstration of its resilience after the 10 defections from its staff on Monday. The Spanish issue bears a margin of only 1/2 per cent, but it was almost immediately increased to \$250m from \$200m and still traded at a discount of about 0.8 per cent, well within the total commission of 1 1/4 per cent.

How can floating rate notes trade so successfully when margins and fees are gradually being trimmed to the bone? One reason is that investors have grown to respect their liquidity and trade them as if they were money market instruments.

In addition, the dearth of busi-

ECU BONDS Intrinsic stability the key to success

BY PAUL CHEESERIGHT IN BRUSSELS

THE MOST conspicuous issue on the Eurobond markets last year was undoubtedly the European Currency Unit, the Ecu. In an analysis of the market, Kreditbank observes that the Ecu has stepped up its share of the market, from 1.5 per cent in 1982 to 3.5 per cent.

The movement came against a decline in the number of issues quoted in dollars, although the dollar remained by far the most important currency in use. At the same time, the D-mark strengthened its position, and Eurosterling made a recovery.

In 1981, the first year that Ecu bonds were available, there were five issues with a total value of Ecu 190m. In 1982, 17 issues were floated at a value of Ecu 712m. And last year there were 33 issues with proceeds of Ecu 2bn.

Kreditbank attributes the success of the Ecu to three factors: "Official backing from the European Community, the active involvement of a number of banks and its intrinsic stability, the latter course being the most important as it appeals to investors and borrowers alike."

The support of the European Community has been evident in the activity of the European Investment Bank, the Community's major lending institution. The EIB noted in its latest annual report a marked increase in Ecu borrowing. It rose last year to Ecu 230m, or 6.4 per cent of its total borrowing. In 1982 the EIB launched three Ecu issues for Ecu 112m, thereby, as it put it, "promoting use of the Community's currency unit."

CURRENT INTERNATIONAL BOND ISSUES

Borrower	Amount \$m	Maturity	Average Yield	Coupon %	Price	Lead Manager	Offer Yield %	Borrower	Amount \$m	Maturity	Average Yield	Coupon %	Price	Lead Manager	Offer Yield %
U.S. DOLLARS								SWISS FRANCES							
Mitsui Invt. \$1	70	1988	5	6 1/2	100	Nomura Int'l., Baring Bros., Dastaco, Mgn. Stanley, Yamachi Int'l.	6.500	Fidelity \$	100	1984	-	5 1/4	99 1/2	SBC	5.817
Kayaba Ind. \$1	30	1988	5	6 1/4	-	Yamachi Int'l.	-	Mitsui Corp. \$1	80	1989	-	2 1/4	100	CS	-
Sanwa Ind. Fin. \$1	150	1982	8	8	100	CSFB, Sanwa Bank Int'l., Mgn. Stanley, Baring Bros.	12.800	Korea Dev. Bd. \$1	50	1988	-	7	100	CS	7.000
SECURITY PACIFIC \$	100	1992	8	12	100	CFR, SG Warburg	12.800	Total Gas \$1	20	1988	-	2 1/4	100	Swiss Volksbank	2.115
ONO PHARMACEUTICALS \$	60	1988	15	2 1/4	100	Wills & Towsers	-	Sarabhai Brothers \$1	50	1989	-	2 1/4	100	SBC	-
KAYABA INDUSTRY \$	250	1988	15	1/4	100	Lazard Bros.	-	Colson	60	1984	-	7	-	Paribas (Swiss)	-
ONO PHARMACEUTICALS \$	60	1988	15	1/4	100	Lazard Bros.	-	Amadeo Co. \$1	100	1988	-	2 1/4	100	UBS	-
ONO PHARMACEUTICALS \$	60	1988	15	1/4	100	Nomura Int'l., CSFB	-	First City Fin. Corp. \$1	75	1984	-	8 1/4	-	Sofitic	-
CANADIAN DOLLARS								STERLING							
Can. Occidental Petr. \$1	50	1988	15	12 1/4	99 1/2	Orion Royal, Hambros, Bares Frp. Roche Heisley	12.450	Chicago Dev. Fin. \$1 (B)	100	1981	7	8	100	SG Warburg, Citicorp Int'l.	-
D-MARK								GUILDERS							
Deutsche \$1	100	1984	10	7 1/2	99 1/2	Investor Bank	7.573	Bk. Mens & Hope \$1	100	1988	5	8 1/4	100	Bk. Mens & Hope	8.250
IAIB \$1	100	1981	7	8 1/2	100	DE Bank	8.500	ECUs							
SWISS FRANCES								Bk of Tokyo \$1	40	1981	7	10 1/4	100	Kreditbank Int'l., Bk. of Tokyo Int'l.	10.875
Mitsui Invt. \$1	50	1988	-	2	100	Banca del Gottardo	2.088	YEN							
Chugoku Shoin \$1	15	1988	-	1 1/4	100	Chugoku Bk (Switz)	1.875	DNT \$1	200m	1984	9	7.5	99.95	Dawa Secs.	7.725
Yokohama Spec. \$1	100	1982	-	5 1/4	100	UBS	5.750	Korea Exch. Bank \$1	50m	1981	6.4	8.4	99.90	Yamachi Secs.	8.596
World Bank \$1	200	1984	-	5 1/4	98 1/2	CS	5.817								
Mitsui Invt. \$1	60	1988	-	-	-	Banca del Gottardo	-								

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GUARANTEED BY

and Convertible into Ordinary Shares of Hanson Trust PLC.

On January 18, 1984, Hanson Trust PLC ("Hanson Trust") made a capitalisation issue of 214,455,680 Ordinary Shares of 25p each in its capital. Such new Ordinary Shares were allotted and distributed credited as fully paid up to the holders of Ordinary Shares of Hanson Trust on the register at the close of business on January 6, 1984 on the basis of one such new Ordinary Share for every two Ordinary Shares then held by such holders and to those persons who have been registered as holders of Ordinary Shares of Hanson Trust as a result of the exercise of the conversion rights attached to the above-mentioned Bonds from the close of business on January 6, 1984 to the date of such capitalisation issue. In accordance with the Terms and Conditions endorsed on the reverse of such Bonds the Conversion Prices applicable thereto fall to be adjusted as a result of such issue.

Notice is accordingly hereby given to the holders of such Bonds that, in accordance with the said Terms and Conditions, such Conversion Prices have been adjusted with effect from January 18, 1984 (being the date on which Ordinary Shares of Hanson Trust were issued pursuant to such capitalisation) and are now as follows:-

1995 Bonds - 42p per share
1996 Bonds - 60p per share

The new Conversion Prices apply to any conversions of such Bonds made on or after January 18, 1984.

London, January 1984
Hanson Trust PLC

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

BANQUE EXTÉRIEURE D'ALGÉRIE BANQUE NATIONALE D'ALGÉRIE

U.S. \$800,000,000 MEDIUM TERM LOAN

LEAD MANAGED BY

- ALUBAF BANKING GROUP
- BANKERS TRUST INTERNATIONAL LIMITED
- CHASE MANHATTAN CAPITAL MARKETS GROUP
- GULF INTERNATIONAL BANK B.S.C.
- LLOYDS BANK INTERNATIONAL LIMITED
- THE MITSUBISHI BANK, LIMITED
- ALAHJI BANK OF KUWAIT K.S.C.
- THE ARAB INVESTMENT COMPANY S.A.A.
- BANQUE PARIBAS
- THE COMMERCIAL BANK OF KUWAIT S.A.K.
- THE GULF BANK K.S.C.
- MANUFACTURERS HANOVER LIMITED

- THE BANK OF TOKYO, LTD.
- CREDIT AGRICOLE
- CREDIT LYONNAIS
- IBJ INTERNATIONAL LIMITED
- THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED
- SOCIÉTÉ GÉNÉRALE
- ARAB BANK FOR INVESTMENT AND FOREIGN TRADE (ARBIFT)
- THE BANK OF NOVA SCOTIA GROUP
- BANQUE WORMS
- CONTINENTAL ILLINOIS CAPITAL MARKETS GROUP
- IRVING TRUST COMPANY
- MARINE MIDLAND BANK, N.A.
- MERCHANT BANKING GROUP
- ORION ROYAL BANK LIMITED
- SANWA BANK MERCHANT BANKING GROUP
- THE YASUDA TRUST AND BANKING COMPANY, LIMITED
- CREDITANSTALT-BANKVEREIN ÖSTERREICHISCHE LÄNDERBANK AG

CO-LEAD MANAGED BY

- BANQUE BRUXELLES LAMBERT S.A.
- CREDIT DU NORD

- BANQUE NATIONALE DE PARIS
- THE FUJI BANK, LIMITED
- PARIS BRANCH

MANAGED BY

- THE HOKKAIDO TAKUSHOKU BANK, LIMITED
- CAISSE CENTRALE DES BANQUES POPULAIRES

- BANK OF BAHRAIN AND KUWAIT B.S.C.
- THE TOYO TRUST AND BANKING COMPANY, LIMITED

CO-MANAGED BY

- AL SAUDI BANK
- BANQUE ARABE ET INTERNATIONALE D'INVESTISSEMENT (B.A.I.)
- BANQUE INDOSUR
- BANQUE INTERNATIONALE DE COMMERCE EXTERIEUR S.A.
- BANQUE INTERNATIONALE D'INVESTISSEMENT (B.I.I.)
- CHIMICAL BANK
- SOCIÉTÉ GÉNÉRALE DE BANQUE S.A.
- BANQUE EUROPEENNE DE TOKYO
- UNION INTERNATIONALE LIMITED
- CREDIT INDUSTRIEL ET COMMERCIAL

- BANQUE ALGÉRIENNE DU COMMERCE EXTERIEUR S.A.
- BANQUE FRANÇAISE DU COMMERCE EXTERIEUR (B.F.C.E.)
- BANQUE INTERCONTINENTALE ARABE
- CHIMICAL BANK INTERNATIONAL GROUP
- RABOBANK CURAÇAO N.V.
- THE SAITAMA BANK, LTD.
- UNION MEDITERRANÉENNE DE BANQUES

AND FUNDS PROVIDED BY

- GULF INTERNATIONAL BANK B.S.C.
- CREDIT AGRICOLE
- CREDIT LYONNAIS
- LLOYDS BANK INTERNATIONAL LIMITED
- THE MITSUBISHI BANK, LIMITED
- ALAHJI BANK OF KUWAIT K.S.C.
- THE ARAB INVESTMENT COMPANY S.A.A.
- BANQUE PARIBAS
- THE COMMERCIAL BANK OF KUWAIT S.A.K.
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- THE SANWA BANK, LIMITED
- ALAHJI BANK OF KUWAIT K.S.C.
- THE BANK OF NOVA SCOTIA GROUP
- ISLANDS LIMITED
- CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO
- MANUFACTURERS HANOVER TRUST COMPANY
- THE ROYAL BANK OF CANADA
- THE FUJI BANK, LIMITED
- THE TOYO TRUST AND BANKING COMPANY, LIMITED
- UNION DE BANQUES ARABES ET FRANÇAISES U.B.A.F.
- UNION MEDITERRANÉENNE DE BANQUES
- BANQUE BRUXELLES LAMBERT S.A.
- BANK OF BAHRAIN AND KUWAIT B.S.C.
- THE SAITAMA BANK, LTD.
- UNION MEDITERRANÉENNE DE BANQUES
- SWISS BANK CORPORATION
- BANQUE DU BENELUX S.A.
- SOCIÉTÉ LYONNAISE DE BANQUES

AGENT

UNION DE BANQUES ARABES ET FRANÇAISES-U.B.A.F.

DECEMBER 1983

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Trading settles back into another acutely uncertain phase

THE FED'S policy making... Federal Open Market Committee (FOMC) meets today and tomorrow...

U.S. INTEREST RATES (%)... Fed funds weekly average... 3-month T-bills... 30-year Treasury bond...

With the introduction of CRR... which represents a major change in the way banks are required to account under Fed reserve requirements...

Canadian paper group has improved final quarter

BY ROBERT GIBBENS IN MONTREAL

STRENGTH in the packaging subsidiaries and a better performance in pulp and paper helped Consolidate-Bathurst in the fourth quarter of 1983...

against C\$1.42bn. Earnings exclude a writedown of C\$9.7m in the value of CB's investment in Sulpetro...

have been placed in a new holding company CB Pak and earned C\$21.6m on sales of nearly C\$400m last year.

Bank of Bermuda buys charter

BY KETH HUNT IN BERMUDA

THE BANK of Bermuda, largest of the island's three banks, has acquired the only Bermudian bank charter not in its own name...

Mr Eugene Cox, Shadow Finance Minister, questioned the propriety and legality of the deal.

decided that the socio-economic infrastructure might be upset if a foreign-controlled bank was opened, the company said.

Lufthansa increases operating profit

By John Davies in Frankfurt

LUFTHANSA, the West German airline, boosted earnings last year as a result of an increase in passenger and freight traffic.

Operating profit exceeded DM 100m (\$35.4m), although the exact figure has not yet been disclosed.

The number of passengers and the volume of freight flown are both up on 1983 but exact figures have not been disclosed.

South Africa blocks explosives takeover

BY OUR JOHANNESBURG CORRESPONDENT

THE PLANNED R20m (\$15.8m) purchase of National Explosives by South Africa's largest chemical group, AECI, has been frustrated by the Competition Board...

AECI has a near monopoly of South Africa's explosives market. NEL makes a small range of Du Pont explosives under licence, and early last year won a Competition Board ruling...

Late in the year, however, increasing problems in a deteriorating fertilizer market forced Hanhill, a major shareholder in NEL, to seek cash

DG Bank lifts provisions

BY OUR FRANKFURT STAFF

DG BANK, the central institution of West German co-operative banking movement, is considerably increasing its provisions for risks, particularly foreign country risks, in its 1983 accounts.

But operating profits, which it described as well ahead of those in 1982, will also allow a dividend payment and transfers to reserves, although it gave no details.

New chief for Texaco Canada

TEXACO CANADA INC has appointed Mr James L. Dunlap its president and chief executive officer. He succeeds Mr Roland M. Reuther, who was elected senior vice president of Texaco Inc. Mr Dunlap has been an executive vice president and a director of Texaco Canada since August, 1983.

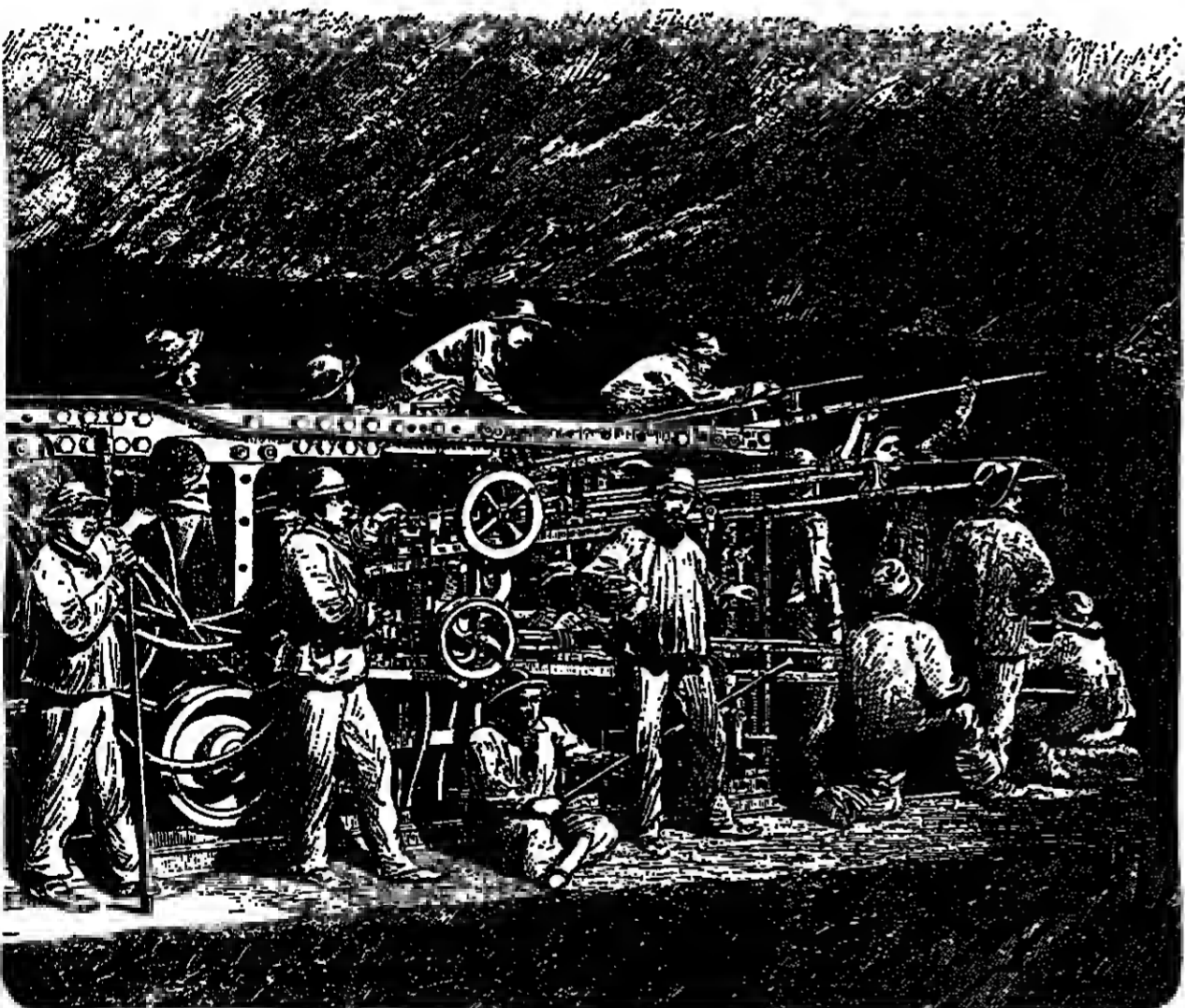
He will remain a member of the board of management of ESAB's companies in the UK. Mr J. G. Wilkinson succeeds Mr Therpe as chief executive officer of UK operations. He will also continue as managing director of ESAB (UK) and of Murex Welding Products.

INTERNATIONAL APPOINTMENTS

Mr Horst Hartsch has been elected managing director of WABCO WESTINGHOUSE FAHRZEUGE/REMSEN, an American-Standard subsidiary with headquarters in Hammarby. He has been with the WABCO Automotive Products Group for 24 years, most recently as vice president, international and business development, at the group's headquarters in Paris.

Mr Peter T. W. Redsell has been appointed to the new position of New York-based chief operating officer/international and named to the worldwide management group of DARBY & BARNES INDUSTRIES WORLDWIDE. He is also a member of the agency's board of directors.

SPERRY CORP of New York's computer systems operations. He was director of customer and marketing support for the international division, based at the company's UK headquarters in London. In his new post he is responsible for all computer systems marketing and services in the Middle East, and the Far East, Australia, South Africa and Latin America, based at computer systems' worldwide headquarters at Blue Bell, near Philadelphia, Pennsylvania.



Sommeiller's compressed air rock drilling machine revolutionised tunnelling techniques and made possible the 7.5 miles Mt. Ceniz Tunnel, which was officially opened in 1871. It was the first to break through the Alpine barrier. No less indispensable was the financial vision of those who arranged the funding of this 14-year project, which cost £3 million.

FINANCIAL ENGINEERING

The problems solved by the financial engineer are related to financial, not physical, stresses. Putting together the package most appropriate to a particular company's funding needs calls for financial engineering skills of a high order.

European Banking

European Banking Company Limited, 150 Leadenhall Street, London EC3V 4PP. Telephone: 01-638 3654. Telex: 8811001

European Banking Company S.A. Brussels, Boulevard du Souverain 100, B-1170 Brussels. Telephone: 02-660 49 00. Telex: 23846

FT INTERNATIONAL BOND SERVICE

Table with columns: U.S. DOLLAR, Issued, Bid, Offer, Change, Yield. Lists various bonds like Australia Govt, Canada 10% 88, etc.

Table with columns: YEN STRAIGHTS, Issued, Bid, Offer, Change, Yield. Lists bonds like YEN STRAIGHTS, YEN STRAIGHTS, etc.

Table with columns: OTHER STRAIGHTS, Issued, Bid, Offer, Change, Yield. Lists bonds like Br. Govt, Br. Govt, etc.

EUROBOND TURNOVER

Table with columns: U.S. \$ bonds, Euro-clear, Previous week, Latest week. Shows turnover figures for various bond categories.

* No information available - previous day's price. † Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the bond. The amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon is shown as minimum. Cdn = Date next coupon becomes effective. Spread = Margin above six-month offered rate. (†) Three-month. ‡ Above mean of region. \$ = U.S. dollars. Cypn = The current coupon. Cpl = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg day = Change on day. Conv = Conversion date for conversion into shares. Cpn = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Table with columns: DELTISCHE MARK, Issued, Bid, Offer, Change, Yield. Lists bonds like Amca Int, Arab Bank, etc.

Table with columns: SWISS FRANC, Issued, Bid, Offer, Change, Yield. Lists bonds like Amca Int, Arab Bank, etc.

Table with columns: CONVERTIBLE, Cpn, Cvd, Bid, Offer, Chg, Prem. Lists convertible bonds like BPC Govt, etc.

Table with columns: FRENCH FRANK, Issued, Bid, Offer, Change, Yield. Lists bonds like Amca Int, Arab Bank, etc.

Table with columns: FRENCH FRANK, Issued, Bid, Offer, Change, Yield. Lists bonds like Amca Int, Arab Bank, etc.

Table with columns: FRENCH FRANK, Issued, Bid, Offer, Change, Yield. Lists bonds like Amca Int, Arab Bank, etc.

UK COMPANY NEWS

Scottish Northern £21.5m purchases

Scottish Northern Investment Trust has offered to acquire for £21.5m three private investment companies...

Vickers

Vickers has declared final dividends for 1983 of 2 1/2 per cent on preferred stock...

PENSION FUND INVESTMENT

It is proposed to publish a survey on the above subject on Tuesday, 21st February, 1984.

For further details and advertising rates, please contact: Nigel Pullman, Financial Times Ltd.

BASE LENDING RATES

Table listing base lending rates for various banks including A.B.N. Bank, Allied Irish Bank, Amro Bank, etc.

ABRIDGED PARTICULARS

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

CML MICROSYSTEMS Plc

Registered in England under the Companies Acts 1948 to 1967 No. 944010



OFFER FOR SALE BY TENDER by SIMON & COATES

2,211,800 Ordinary Shares of 10p each at a minimum tender price of 93p per share...

CML Microsystems Plc and its subsidiaries designs, manufactures and markets a range of specialist monolithic and hybrid integrated circuits...

The Royal Bank of Scotland plc New Issues Department 24 Lombard Street, London EC2B 9BA

CML Microsystems for the USM

BY ALISON HOGAN

Brokers Simon and Coates are bringing the high technology company CML Microsystems to the United Securities Market...

The company is increasing its sales overseas. Last year added a production facility at MX-COM which had formerly been limited to marketing...

George Gurry, chairman and managing director of CML, says that the company has established alternative sources of materials and technology...

BOARD MEETINGS

Table listing board meetings for various companies including Avial Industries, Giaprepore, etc.

TODAY

Table listing today's meetings for companies like Europa Centre Properties, Nova Jersey Knt, etc.

comment

Mr George Gurry and Mr Brian Hardy make a good team as the joint chairman and professional sales director of CML...

Alison Hogan looks at a new standard to replace SSAP 16...

The tiger turned into a mouse

At least we have a robust methodology in current cost accounting. We know how to do it. The tiger has become a mouse...

The blueprint of a new accounting standard to replace SSAP 16 on current cost accounting was unveiled last week...

The proposals are: The new standard which aims to reflect the effects of changing prices in accounts will apply to all listed companies...

Herman Smith rights result: Acceptances of Herman Smith's rights issue of 3,158,182 ordinary shares...

FT Share Information: The following securities have been added to the Share Information Service...

Carlton Comm: Mr Michael Green, chairman of Carlton Communications said at the AGM the current year had started well...

LADBROKE INDEX: 835-839 (+4) Based on FT Index. Tel: 01-493 5261

BANCO DE CHILE: Floating Rate Notes due 1986. In accordance with the provisions of the Notes notice is hereby given...

FINANCIAL TIMES STOCK INDICES: Table showing stock indices for Government Secs, Fixed Interest, Industrial Ord, etc.

Simon & Coates 1 London Wall Buildings London EC2M 2RT. Tel: 01-635 5149

Midway rise to £152,000 by East of Scotland

AN INCREASE in net income from £140,084 to £151,587 has been shown by East of Scotland Onshore for the six months to the end of November 1983...

The company invests in unlisted companies which provide services or supplies to the oil and gas industry. The net interim dividend has been held at 0.65p payable on March 7...

rebellion of the Institute's rank-and-file against CCA, and called an extraordinary general meeting.

Mr Stanley Thompson of Ford Motor who headed the sub-committee which was asked to prepare a new exposure draft on inflation accounting in the autumn...

Changes that are proposed: applied to net borrowings to include in notes to the account the interest charge which is calculated in real terms...

INVEST IN 50,000 BETTER TOMORROWS! SOCIÉTÉ NATIONALE DES CHEMINS DE FER FRANÇAIS Floating Rate Notes due 1988 and Warrants to Purchase U.S. \$150,000,000

3i Term Deposits: Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 10.2.84 are fixed for the terms shown:

Table showing 3i Term Deposits rates for terms 3, 4, 5, 6, 7, 8, 9, 10 years.

Table showing Financial Times Stock Indices for Government Secs, Fixed Interest, Industrial Ord, etc.

RECENT ISSUES

Table listing recent issues of equities with columns for Issue Price, Amount Paid Up, Latest Return, High, Low, Stock, etc.

Table listing fixed interest stocks with columns for Issue Price, Amount Paid Up, Latest Return, High, Low, Stock, etc.

Table listing rights offers with columns for Issue Price, Amount Paid Up, Latest Return, High, Low, Stock, etc.

Announcement date usually last day for despatch of stamp duty. Figures based on grossed amounts. Dividends may be paid or payable in part of cash and part of scrip.

PENDING DIVIDENDS

Table listing pending dividends with columns for Date, Announcement, Date, Announcement, etc.

SHARE STAKES: Glyndwr International - sold 50,000 shares at 42p. Britannic Assurance is interested in 5,220,000 ordinary shares...

Rowlison Securities - P. J. Rowlison, a director, has acquired 15,849 ordinary shares at 28.25p and now holds 2,548,929 shares (20.4 per cent).

Die Erste Österreichische Spar-Casse-Bank. Subordinated Floating Rate Notes Due January 1992. Nolica is hereby given pursuant to the Terms and Conditions of the Notes that for the six months from January 27, 1984 to July 27, 1984 the notes will carry an interest rate of 10 1/2% per annum...

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices January 27

هكذا حصلنا

Main table of American stock exchange closing prices, organized into columns by stock symbol and price. Includes various sectors like technology, healthcare, and energy.

Continued on Page 20

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of New York stock exchange closing prices, organized into columns by stock symbol and price. Includes various sectors like technology, healthcare, and energy.

Continued on Page 20

Notes and footnotes regarding the data, including information about sales figures, dividends, and data sources.

WORLD STOCK MARKETS

Indices NEW YORK DOW JONES 1983-84 Since Comp'n... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

STANDARD AND POORS 1983-84 Since Comp'n... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

N.Y.S.E. ALL COMMON 1983-84... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

MONTREAL 1983-84... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

TORONTO Composite 1983-84... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

AUSTRALIA All Ord. 11/1/80... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

GERMANY FAZ Aktien 11/1/80... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

HONG KONG Hang Seng 11/1/80... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

JAPAN Nikkei Dow 11/1/80... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

NETHERLANDS ANP-CBS General 11/1/80... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

NORWAY Oslo 11/1/80... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

SINGAPORE Straits Times 11/1/80... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

SOUTH AFRICA Gold 11/1/80... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

SPAIN Madrid 11/1/80... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

SWEDEN Jacobson & P. 11/1/80... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

SWITZERLAND Swiss Bank 11/1/80... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

AUSTRIA 1983-84... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

BELGIUM/LUXEMBOURG 1983-84... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

DENMARK 1983-84... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

FRANCE 1983-84... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

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CANADA 1983-84... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

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HONG KONG 1983-84... Table with columns for Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, High, Low, and various market metrics.

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World value of the pound every Tuesday in the Financial Times

World value of the dollar every Friday in the Financial Times

AMERICAN STOCK EXCHANGE CLOSING PRICES

Table of American stock exchange closing prices for various sectors including 12 Month, 12 Month, and 12 Month categories.

NEW YORK CLOSING PRICES

Table of New York closing prices for various commodities and stocks.

INTERNATIONAL CAPITAL MARKETS

It is proposed to publish a survey on the International Capital Markets on Monday, 19th March, 1984.

Subjects to be covered will include the following:

- The world economy
The outlook for interest rates and exchange rates
The developing country debt crisis
Funding the banks
Balance of payments trends and capital flows
The bond markets
International bank lending

For further details and advertising rates please contact: Guy Mainwaring-Burton

FINANCIAL TIMES LIMITED Bracken House, 10 Cannon Street, London EC4P 4BY

Tel: 01-248 8000 Ext: 3606

FRANCE

Table of French stock market data including indices and individual stock prices.

GERMANY

Table of German stock market data including indices and individual stock prices.

NETHERLANDS

Table of Dutch stock market data including indices and individual stock prices.

NORWAY

Table of Norwegian stock market data including indices and individual stock prices.

SPAIN

Table of Spanish stock market data including indices and individual stock prices.

SWEDEN

Table of Swedish stock market data including indices and individual stock prices.

SWITZERLAND

Table of Swiss stock market data including indices and individual stock prices.

FRANCE

Table of French stock market data including indices and individual stock prices.

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NETHERLANDS

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Table of Swedish stock market data including indices and individual stock prices.

SWITZERLAND

Table of Swiss stock market data including indices and individual stock prices.

NOTES: Prices on this page are quoted on the individual exchanges and are last traded prices. All share dividends are in pence.

حزب العمال

CHIVERS Our business has been building since 1884

£3.4m work at Park Lane Hilton

TROLLOPE & COLLS (CITY) has been awarded a £3.4m contract to carry out major refurbishment work at the London Hilton in Park Lane.

On the ground floor, the front lobby will be stripped out and modernised to incorporate a new reception area and lobby lounge in the front lobby, and three shops in the arcade.

TURRIFF CONSTRUCTION has been awarded a contract by Northern Counties Housing Association for construction of three-storey flats at Ransfield Road, Chorlton, Manchester.

CONSTRUCTION CONTRACTS

£11.5m Navy job tops Tarmac list

Work for the Royal Navy heads a list of contracts, together worth more than £15m awarded to TARMAC CONSTRUCTION. At H.M.S. Collingwood, the Royal Navy's land-based training ship at Fareham, Hampshire, the company has an £11.5m contract for rebuilding classrooms and training areas.

Five tenement houses of four storeys are to be extensively modernised by the Glasgow office under a £1m contract from the Springburn and Possil Park Housing Assoc.

A new police headquarters at Whitehaven, valued at £378,000, is to be built for Cumbria County Council by the Newcastle office.

Another large contract placed with Melville Dundas is worth £1.7m for work on the Eskine Shopping Centre for County Properties.

Work for the Royal Navy heads a list of contracts, together worth more than £15m awarded to TARMAC CONSTRUCTION.

APPOINTMENTS

Aitken Hume chief executive

Mr Charles Vaughan Johnson has been appointed a director and chief executive of the AITKEN HUME GROUP. He was senior vice president of the Bank of America.

Spillers Homefride, a newly-formed company within the Dalgluog Group, has made the following appointments: Mr Paul Brown is appointed chief executive.

Mr Andrew Ross has been appointed director of PUNCH DISTRIBUTION SERVICES and Mr Ray Tooley, managing director.

Mr Jonathan P. Dodd has joined WIGHAM POLAND PROFESSIONAL INDEMNITY as a director of both companies.

Mr Dallas A. Mithen has been appointed a director of TILKILL FORESTRY. Mr Mithen was commissioner for harvesting and marketing in the Forestry Commission.

Mr R. W. Stephens has resigned as a director of V.W. THERMAX and as chairman and joint managing director of V.W. Company.

Mr Clive Mardon has been appointed chairman of the flexible packaging division of MARDON PACKAGING INTERNATIONAL.

INSURANCE

Life companies' relief over Gower

BY ERIC SHORT

THE SIGNS of relief with which life companies greeted Professor Gower's recently published Review of Investor Protection were audible not only in the City but in the distant shores where companies have relocated their head offices.

His proposals relating to life assurance, an industry which he freely admitted caused him more problems than any other in his review, are those with which the industry is confident it can live.

The life companies were most relieved by Prof Gower's recommendation — in spite of his personal feelings on the subject — that direct selling by life company agents of all life company products should continue.

Previously, he had sought to protect the investor from agents calling uninvited at homes selling what he called "junk" — that is, life insurance.

Prof Gower has wanted all life company salesmen, including those who are technically self-employed — the so-called tied agents — to be licensed under a self-regulatory system operated by the life insurance industry.

Already most life contracts are sold directly, rather than through registered insurance brokers and other independent intermediaries. This proportion is likely to rise still further as more life companies build up direct sales forces.

However, he is still concerned to protect the investor from the persistent, silver-tongued salesman, hungry for commission. He wants vigorous controls placed on life salesmen, and feels investors should be able to change their minds without losing financially after they have been sold a policy.

Investors already have the right to think again when they buy a regular premium contract — the so-called "cooling-off" period. Prof Gower is recommending that this right should be extended to single premium bonds, with appropriate safeguards against stags playing the market at the expense of life companies.

Prof Gower has wanted those investment products marketed under a life assurance label to be treated as investments and subject to the same controls as those proposed for other investment products marketed under statutory authority.

Similar in principle to that offered by the Life Offices Association late last year and now under consideration by life companies, Prof Gower, however, envisages all life companies operating in the UK to be governed by this system, whereas without statutory backing any initiative by the life associations is not obligatory on non-member life companies.

Detailed proposals on working the system will be revealed in Prof Gower's next review, expected in the autumn. Meanwhile he urges the life companies to proceed with their plans for licensing and for all companies to join in.

In this Prof Gower envisages that all life companies operating in the UK would belong to just one association responsible for everything concerning UK life assurance. In view of the wide differences of opinion between the existing life company groups on several subjects, it is difficult to see how such a unified body would come into existence unless compelled by legislation.

Prof Gower has wanted those investment products marketed under a life assurance label to be treated as investments and subject to the same controls as those proposed for other investment products marketed under statutory authority.

He now proposes that life contracts should be classified as investments in his projected Investor Protection Act, but that they would then be exempt from all other provisions.

This also relieved the industry: one of its bogeys is ultimate control by the authorities of the products it markets to the public. This freedom in design life products without interference has enabled the UK life assurance industry to offer the widest range of competitive savings and protection contracts in the world.

Prof Gower was also perturbed by the ease with which offshore life companies could market the most bizarre of investment products to UK residents with a minimum of control. He wants the soliciting of business by offshore companies stopped in the UK, or at least brought under strict control.

The Department of Trade and Industry has already proposed to do just that, following the problems which arose over the Gibraltar-based life company, Signal Life Assurance. However, its negotiations with the life associations have become bogged down over some technical but very pertinent points. It will be interesting to see whether Prof Gower in his next report will have some answers to this impasse, or whether the impasse will have been solved.

Parliamentary business for the week

TODAY Commons: Data Protection Bill, second reading.

Lords: Housing and Building Act 1983, second reading.

SELECT COMMITTEES: Treasury and Civil Service Sub-Committee: Sir Robert Armstrong and Sir Peter Middleton: Council of Civil Service Unions (Room 20, 4.15 pm).

WEDNESDAY Commons: Opposition debate on the industrial and social consequences of the Government's policy on shipbuilding.

TOMORROW Commons: Motions on the Rate of Inflation (Scotland) Order and the Housing Support Grant (Scotland) Order.

reading. Animal Health and Welfare Bill, committee. Roads (Scotland) Bill, committee.

SELECT COMMITTEES: Treasury and Civil Service Sub-Committee: Sir Robert Armstrong and Sir Peter Middleton: Council of Civil Service Unions (Room 20, 4.15 pm).

WEDNESDAY Commons: Opposition debate on the industrial and social consequences of the Government's policy on shipbuilding.

TOMORROW Commons: Motions on the Rate of Inflation (Scotland) Order and the Housing Support Grant (Scotland) Order.

potential, particularly in international affairs. Prayer to annul the Industrial Tribunals (Rules of Procedure) (Equal Value Amendment) Regulation 1983.

SELECT COMMITTEES: Defence. Subject: Weapons performance in the Falklands. Witnesses: Foreign Affairs. Subject: Export Credits Guarantee Department trading accounts 1982-83. Witness: Mr J. Gill, ECGD (Room 16, 4.15 pm).

WEDNESDAY Commons: Debate on the R.A.F. Lords: Matrimonial and Family Proceedings Bill, third reading.

THURSDAY Commons: Debate on the R.A.F. Lords: Matrimonial and Family Proceedings Bill, third reading.

FRIDAY Commons: Private members' motions.

gas prices. Witness: Rt Hon Peter Walker, MP, Energy Secretary (Room 8, 4.30 pm).

FRIDAY Commons: Private members' motions.

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U.S. \$100,000,000

Province of Nova Scotia

11 3/4 per cent. Debentures due 1991

Issue Price 100 per cent.

The following have agreed to subscribe or procure subscribers for the Debentures:

- Union Bank of Switzerland (Securities) Limited
Algemeine Bank Nederland N.V.
Banque Paribas
Dominion Securities Ames Limited
Hambros Bank Limited
Kredietbank N.V.
McLeod Young Weir International Limited
Merrill Lynch Capital Markets
Orión Royal Bank Limited
Westdeutsche Landesbank Girozentrale

The 20,000 Debentures of U.S. \$5,000 each constituting the above issue have been admitted to the Official List of The Stock Exchange in London subject only to the issue of the temporary Global Debenture.

R. Nivison & Co. 25 Austin Friars, London EC2N 2JB

30th January, 1984

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indicators are not always available whether dividends concerned are interim or final.

TODAY Stock Exchange: Victoria Works, Hill Top, etc.
LORDS: Housing and Building Act 1983, second reading.

U.S. \$150,000,000

Export Development Corporation

(An agent of Her Majesty in right of Canada)



Société pour l'expansion des exportations

(Mandataire de Sa Majesté du chef du Canada)

11% Notes Due February 15, 1989

The following have agreed to subscribe or procure subscribers for the Notes:

- Credit Suisse First Boston Limited
Banque Paribas
Daiwa Europe Limited
Wood Gundy Limited
Citicorp International Bank Limited
Deutsche Bank Aktiengesellschaft
Salomon Brothers International
Swiss Bank Corporation International
Westdeutsche Landesbank Girozentrale

The issue price of the Notes is 100 per cent. of their principal amount. The Notes, in bearer coupon form, in the denomination of U.S. \$5,000, have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Note.

R. Nivison & Co. 25 Austin Friars, London EC2N 2JB

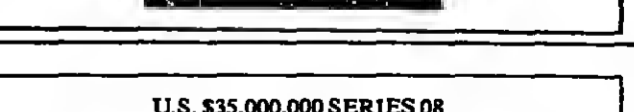
30th January, 1984

BARKER & DOBSON GROUP p.l.c.

Notice is hereby given of the appointment of Barclays Bank PLC as Registrar.

Correspondence regarding the share register and documents for registration should in future be sent to the address below.

Barclays Bank PLC, Registration Department, Radbroke Hall, Knutsford, Cheshire, WA16 9EU



U.S. \$35,000,000 SERIES 08

TELEFONOS DE MEXICO, S.A. (Organised under the laws of the United Mexican States)

Six Month Notes Issued in Series under a U.S. \$75,000,000 Note Purchase Facility

Notice is hereby given that the above Series of Notes issued under a Note Purchase Facility Agreement dated 5th May, 1982, carry an Interest Rate of 10 1/2% per annum. The Maturity Date of the above Series of Notes will be 27th July, 1984.

27th January, 1984

Samuel Montagu & Co. Limited Issue Agent

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as British Life, British Overseas, British World, and others, with columns for name, manager, and performance data.

FT UNIT TRUST INFORMATION SERVICE

Table listing unit trusts from various providers including Lawson Fund Managers, Midland Bank, and others, with columns for name, manager, and performance data.

Table listing insurance companies and their products, including AA Friendly Society, Liberty Life, and others, with columns for name and details.

Insurances continued

Table listing insurance companies and their products, including Albion Life, Colonial Mutual, and others, with columns for name and details.

F.T. CROSSWORD PUZZLE No. 5,329

Crossword puzzle grid with clues for Across and Down. Clues include: '1 To lead such a life is simple - and hard (7)', '5 Medical disorder which can recur (7)', etc.

Offshore & Overseas continued

Table listing offshore and overseas investment services, including various fund managers and their products, with columns for name and details.

Money Market

Table listing money market instruments and their rates, including Treasury bills, commercial paper, and others.

Trust Funds

Table listing trust funds and their performance, including various investment trusts and their returns.

Money Market Bank Accounts

Table listing bank accounts and their interest rates, including various savings and current accounts from different banks.

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INSURANCE & OVERSEAS MANAGED FUNDS

Table listing various insurance and managed funds, including company names, fund names, and numerical values.

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OFFSHORE AND OVERSEAS

Table listing offshore and overseas managed funds, including company names, fund names, and numerical values.

Notes and additional information regarding the fund listings, including details on currency and performance metrics.

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In business to build success.
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FT LONDON SHARE INFORMATION SERVICE

HOTELS—Continued

Company	Price	Div	Yield	Vol
Hotel de Ville	215	1.5	6.9	10
Hotel de Ville	215	1.5	6.9	10
Hotel de Ville	215	1.5	6.9	10

INDUSTRIALS (Misc.)

Company	Price	Div	Yield	Vol
Acacia	100	1.0	10.0	5
Acacia	100	1.0	10.0	5
Acacia	100	1.0	10.0	5

ENGINEERING—Continued

Company	Price	Div	Yield	Vol
British Steel	100	1.0	10.0	5
British Steel	100	1.0	10.0	5
British Steel	100	1.0	10.0	5

ELECTRICALS

Company	Price	Div	Yield	Vol
British Electric	100	1.0	10.0	5
British Electric	100	1.0	10.0	5
British Electric	100	1.0	10.0	5

DRAPERY—Continued

Company	Price	Div	Yield	Vol
British Drapery	100	1.0	10.0	5
British Drapery	100	1.0	10.0	5
British Drapery	100	1.0	10.0	5

BUILDING INDUSTRY, TIMBER AND ROADS

Company	Price	Div	Yield	Vol
British Building	100	1.0	10.0	5
British Building	100	1.0	10.0	5
British Building	100	1.0	10.0	5

AMERICANS

Company	Price	Div	Yield	Vol
IBM	100	1.0	10.0	5
IBM	100	1.0	10.0	5
IBM	100	1.0	10.0	5

CANADIANS

Company	Price	Div	Yield	Vol
Canadian Bank	100	1.0	10.0	5
Canadian Bank	100	1.0	10.0	5
Canadian Bank	100	1.0	10.0	5

BANKS, H.P. AND LEASING

Company	Price	Div	Yield	Vol
Bank of America	100	1.0	10.0	5
Bank of America	100	1.0	10.0	5
Bank of America	100	1.0	10.0	5

CHEMICALS, PLASTICS

Company	Price	Div	Yield	Vol
British Chemicals	100	1.0	10.0	5
British Chemicals	100	1.0	10.0	5
British Chemicals	100	1.0	10.0	5

DRAPERY AND STORES

Company	Price	Div	Yield	Vol
British Drapery	100	1.0	10.0	5
British Drapery	100	1.0	10.0	5
British Drapery	100	1.0	10.0	5

FOOD, GROCERIES, ETC.

Company	Price	Div	Yield	Vol
British Food	100	1.0	10.0	5
British Food	100	1.0	10.0	5
British Food	100	1.0	10.0	5

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Company	Price	Div	Yield	Vol
Bank of America	100	1.0	10.0	5
Bank of America	100	1.0	10.0	5
Bank of America	100	1.0	10.0	5

CORPORATION LOANS

Company	Price	Div	Yield	Vol
Bank of America	100	1.0	10.0	5
Bank of America	100	1.0	10.0	5
Bank of America	100	1.0	10.0	5

COMMONWEALTH AND AFRICAN LOANS

Company	Price	Div	Yield	Vol
Bank of America	100	1.0	10.0	5
Bank of America	100	1.0	10.0	5
Bank of America	100	1.0	10.0	5

BEERS, WINES AND SPIRITS

Company	Price	Div	Yield	Vol
British Beers	100	1.0	10.0	5
British Beers	100	1.0	10.0	5
British Beers	100	1.0	10.0	5

ENGINEERING

Company	Price	Div	Yield	Vol
British Engineering	100	1.0	10.0	5
British Engineering	100	1.0	10.0	5
British Engineering	100	1.0	10.0	5

HOTELS AND CATERERS

Company	Price	Div	Yield	Vol
Hotel de Ville	215	1.5	6.9	10
Hotel de Ville	215	1.5	6.9	10
Hotel de Ville	215	1.5	6.9	10

BRITISH FUNDS

Company	Price	Div	Yield	Vol
British Fund	100	1.0	10.0	5
British Fund	100	1.0	10.0	5
British Fund	100	1.0	10.0	5

Over Fifteen Years

Company	Price	Div	Yield	Vol
British Fund	100	1.0	10.0	5
British Fund	100	1.0	10.0	5
British Fund	100	1.0	10.0	5

Undated

Company	Price	Div	Yield	Vol
British Fund	100	1.0	10.0	5
British Fund	100	1.0	10.0	5
British Fund	100	1.0	10.0	5

Index-Linked

Company	Price	Div	Yield	Vol
British Fund	100	1.0	10.0	5
British Fund	100	1.0	10.0	5
British Fund	100	1.0	10.0	5

Public Board and Ind.

Company	Price	Div	Yield	Vol
British Fund	100	1.0	10.0	5
British Fund	100	1.0	10.0	5
British Fund	100	1.0	10.0	5

Financial

Company	Price	Div	Yield	Vol
British Fund	100	1.0	10.0	5
British Fund	100	1.0	10.0	5
British Fund	100	1.0	10.0	5

FOREIGN BONDS & RAILS

Company	Price	Div	Yield	Vol
British Fund	100	1.0	10.0	5
British Fund	100	1.0	10.0	5
British Fund	100	1.0	10.0	5

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